

[Dr. Ram Subhag Singh].  
diture has been scheduled for the 4th August. Anyway, we will leave it to the BAC which is presided over by the Speaker to allocate time for it.

**श्री कंवर लाल गुप्त (दिल्ली सदर) :** मैं चाहता हूँ कि डाक्टर साहब एक चीज को कोरेक्ट कर लें। एक मोशन टैरिटररी के बारे में रूल 193 के अन्तर्गत है। उसके लिए एक घंटा रखा गया है। वास्तव में बिजनेस एड-वाइजरी कमेटी ने कहा था कि इसके लिए दो घंटे होने चाहियें।

**Mr. Deputy-Speaker:** Half an hour more is within the discretion of the Chair.

**Shri Kanwar Lal Gupta:** It was for two hours.

**श्री भवु जिनये (मुंगेर) :** मैं एक जानकारी चाहता हूँ। इस सदन के एक माननीय सदस्य श्री वीरेन्द्र शाह पुलिस द्वारा तंग किये गये हैं। उसके बारे में मैंने एक विशेषाधिकार का प्रस्ताव दिया है। मैं जाना चाहता हूँ कि क्या आपने महाराष्ट्र के अप्रफर्सों से जानकारी प्राप्त कर ली है ?

**Mr. Deputy-Speaker:** It has been referred to the Home Ministry; we are awaiting a reply.

**Shri Vasudevan Nair:** As regards postponing the discussion of the Unlawful Activities (Prevention) Bill, we would like to know whether the Home Minister was approached as we requested to find out if he was very particular that this Bill should be passed in this session itself. What is the harm in having two or three months interval as far as that Bill is concerned?

**Shri S. M. Banerjee:** Unlawful discussion is being held, and lawful discussion is being withheld.

**Dr. Ram Subhag Singh:** That we are not prepared to put off.

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

"That this House agrees with the Sixth Report of the Business Advisory Committee presented to the House on the 26th July, 1967."

*The motion was adopted.*

12.26 hrs.

FINANCE (No. 2) BILL, 1967—contd.

**Clause 2— (Income-tax)**

**Mr. Deputy-Speaker:** Now we take up clause by clause consideration of the Finance Bill. Clause 2.

**Shri N. Dandekar (Jamnagar):** I beg to move:

Page 2, lines 33 and 34,—

omit "(made before the sixth day of June, 1966)" (18)

Page 3, line 1,—

omit "before the sixth day of June, 1966" (19)

Page 3, line 15,—

omit "before the sixth day of June, 1966" (20)

Page 5, line 31,—

after "manufacture" insert  
"production" (21)

These amendments can be grouped under two categories. Amendments 18, 19 and 20 are concerned with amending clause 2(4) to secure the continuance of the tax benefits arising out of exports now being limited only to exports upto the 5th of June, 1966. In the Notes on Clauses it has been stated that tax benefit in relation to exports is being discontinued because of devaluation. Presumably, the argument is that the devaluation benefit, which is very considerably, takes care of the required incentives and therefore it is no longer necessary to have the continuance of these tax benefits beyond 5th June, 1966. With great respect I beg to dissent from that proposition; and the amendments I have tabled are to delete the limitation that these tax benefits will be only in respect of exports made up to 5th June, 1966.

My reasons for suggesting the continuance of those tax benefits in relation to exports are briefly these. These tax benefits were introduced in 1962-63, the one covered by sub-clause 4(a) (i) was introduced in 1962 when the present Finance

Minister was then also the Finance Minister, and the one covered by sub-clause 4(a) (ii) and (iii) were introduced in 1963 when also the present Finance Minister was then the Finance Minister. Now, Sir, my submission is this, that between that time and devaluation, between the years 1962 and 1966, already the costs of manufacture and general prices had gone up by very nearly 50 per cent, and certainly if one takes into account the rise in prices between 1962 and now, 1967, the rise in prices has been well above 50 per cent, with the result that all one can say about devaluation is that the benefit accruing from devaluation has nearly counteracted the rising costs of the good for export, consequently the reasons which impelled the Finance Minister then to confer these tax benefits still remain valid.

I shall read what he stated in his budget speech in 1962:

"I propose to increase the rate of tax on Indian companies from 45 to 50 per cent. I, however, propose to exclude earnings from exports from this increase. This is necessary because profit margins of exports are relatively low."

"We want to give every inducement to trade and industry to sell abroad". That was in 1962. Again in 1963, when the benefits covered by sub-clause (4) (a) (ii) and (iii) were enacted, this is what the Finance Minister said in his budget speech then:

"The importance and necessity of helping our infant industries to cover and overcome the difficulties and obstacles which they encounter in making themselves known in overseas market ought to be taken into account if we are to achieve the kind of increase in our export levels which we need to get over our chronic foreign exchange difficulties. We must rely on our new industries to turn increasing to the export market."

I submit with great respect that the devaluation benefit has merely counteracted the increase in costs, with the

result that the need for these two tax reliefs which were justified by the Finance Minister in 1962 and 63 continue to remain even now.

My amendment No. 21 is merely verbal in the sense that it is concerned with expanding the definition of 'industrial company'. The reason for my amendment is that an 'Industrial company' is proposed to be defined at page 5 as a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining. I suggest that we should introduce 'or production' after 'manufacture' so that it would read: 'in the manufacture, production or processing' of goods. I have been going through the definition of industrial activity in the various parts of the income-tax Act and of the Finance Bill. For instance, in connection with the industrial enterprises employing displaced persons or in connection with the tax holiday benefits to industrial undertakings for the period of five years extending to a further period of two years, I find there are several little differences in the definition what constitutes industrial activity. My object in suggesting this and other similar small amendments elsewhere is merely to have a common definition of industrial activity, right the way through. In other words in so far as manufacturing of goods is concerned, it should always be 'in the manufacture, production or processing of goods'. At present, somewhere it appears as 'manufacture and production'; sometimes it is 'manufacture and processing' I do not think there should be any doubt in the minds of either assesses or the tax officers as to what definition was intended between one place where it says 'manufacture and production and processing' and another place where it says 'manufacture and production' only and a third place where it says 'manufacture and processing' only I feel that these things ought to be cleared up.

**Shri Himatsingka (Godda):** Sir, I support the amendments moved by my

[Shri Himatsingka]

friend. The reasons have been explained well. The hon. Minister knows the importance of increasing exports and unless our exports are helped by a certain amount of support, it is difficult. After devaluation, the jute goods have been losing in competition with Pakistan because we have imposed certain additional excise duties whereas Pakistan has given certain incentives in the shape of import entitlement and so on. Therefore, I feel it is a matter which requires consideration at the hands of the Finance Minister because it is very necessary in the interest of the country that our exports should increase to earn more foreign exchange. I support them.

**Shri Indrajit Gupta (Alipore):** Sir, I want to oppose these amendments. Mr. Himatsingka just now made a general defence of these amendments in the name of stimulating our export trade. All of us are interested; we are not any less interested than friends on the other side of the House and on my right here that the Indian export commodities should be given a boost. But my contention is that the concessions which have already been given are very well known and they are quite adequate and it does not follow *ipso facto* that simply by giving some further concessions in respect of export duties or excise duties, both our exports and export trade will necessarily go up. As Shri Dandekar has referred to this aspect of the matter, I should like to say one or two words on this.

In these budget proposals, in this Finance Bill itself, there is a reduction of Rs. 150 per tonne given by the hon. Finance Minister in respect of export duties on jute goods. But on the very morrow of this announcement, we find that the jute industry in West Bengal, where the main centre is located, have again announced that they are going to reduce and curtail production and they are proposing that every week the mills should be kept closed every Saturday. When devaluation was brought in by the hon. Minister's predecessor, one of the main arguments he adduced was that devaluation would

help our traditional export commodities to sell cheaper abroad; the prices would be at least 57 per cent or so cheaper; and therefore this would give a boost, for example, to jute exports in the North American market. We found that in the 12 months subsequent to devaluation the exports of jute goods actually declined, and did not increase. After that, a further reduction of Rs. 150 per tonne has now been granted in the export duty. Even after that, the jute industrialists go on complaining that they are at a disadvantage with Pakistan and further concessions must be given to them. I submit that this is not such a simple matter. The hon. Minister knows that there are other factors like speculation in future trade and so on which are ruining the export industry particularly in jute. It is not a question of just going on squeezing out further concessions from the Government in the form of rebates or concessions. Therefore, I oppose this amendment.

**The Deputy Prime Minister and Minister of Finance (Shri Morarji Desai):** Sir, after devaluation, these concessions were stopped; were discontinued. I considered this matter after I took charge of the Finance Ministry and I have come to the conclusion that it is not necessary to revive benefits at present at any rate. As a matter of fact, I came to the conclusion that some of the incentives given in the matter of exports were to an extent responsible for devaluation and we do not want any further devaluation. I do not say that this particularly will lead to devaluation; that is not my stand on this particular thing. But it stands in line with several other things, and it has to be considered all together. The Government would not like to repeat a procedure which led us into difficulties. I do not see how this will encourage exports except that it will give more profits or more returns to the exporters. That is all that will happen; that is, their incomes will have a better return, but beyond that, I do not know what is going to be the effect. It was only in order to give them incentives like that, that was done.

**Shri N. Dandekar:** Where profitability is very marginal, this concession does result in their making some reasonable profit; it is not that they are now making large profit; they are not.

**Shri Morarji Desai:** Where there is a question like that, Government can find out different methods of helping them. Where the Government is satisfied that the margin of profitability is very little or there is a loss, the Government can consider and will consider to see how best it can be compensated, without getting into the difficulties in which we got last time. Therefore, I am against the amendments 18, 19 and 20.

As regards amendment No. 21, where it is proposed to add the word "production" after "manufacture", I would just tell my hon. friend that it is not necessary. The word "manufacture" includes production as held by many courts. The courts have gone to the extent of holding that even the production of printed material by printing constitutes manufacture of goods. Therefore, this amendment is not necessary. In fact, I believe that if the amendment is carried, it may throw doubts on the interpretation of the indential provision in the definition of industrial companies in the Finance Act of the preceding year. Therefore, this is not at all necessary and I oppose it.

**Mr. Deputy-Speaker:** Shall I put all the amendments 18 to 21 together?

**Shri N. Dandekar:** The first three may be put together and the last separately.

**Mr. Deputy-Speaker:** I shall now put amendments 18, 19 and 20 to the House.

*Amendments Nos. 18 to 20 were put and negatived.*

**Mr. Deputy-Speaker:** I shall now put amendment 21 to the House.

*Amendment No. 21 was put and negatived.*

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

"That clause 2 stand part of the Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill.*

**Clause 3—(Annuity Deposit)**

**Mr. Deputy-Speaker:** There are no amendments to this clause.

**Shri M. R. Masani (Rajkot):** I would like to oppose this clause.

When Mr. Bhoothalingam was asked by the Finance Ministry to advise on these matters and when his report was available and it recommended that the Annuity Deposit Scheme was a mischievous measure that did a great deal of harm and a great deal of retardation of constructive effort but got the Government very little or nothing in return, we were hopeful that the Finance Minister would drop this incubus, which is a public nuisance. It does give the Finance Minister some Rs. 14 or Rs. 15 crores to play with, but it is not revenue. It is a loan and it has to be repaid to the depositor over a period of years. What it does therefore is to mulct the people of their well-earned gains and to postpone the enjoyment or investment of their savings being productively invested and giving them to Government to fritter away on unproductive or low-return projects.

It is fitting, therefore, that this clause, which seeks for one more year to impose this scheme, which all tax experts like Mr. Palkhiwala and others have condemned in unmeasured language as utterly futile and harmful in its effects, is dropped.

There was a press report a few days ago, which raised some hopes that after all there might be rethinking on this matter, which said that the Finance Ministry now realise that this is an undesirable venture and, though it may not be possible this year, certainly next year this ADS will be dropped. I for one oppose this clause, but I shall be glad if the Finance Minister gives us this solace that we have to put up with this indignity at the most for one year and after that, next year, this parti-

[Shri M. R. Masani].

cular expedient will be dropped and more straight forward methods of taxation would be adopted.

**Shri S. S. Kothari (Mandsaur):** Sir, I support Mr. Masani. I feel this is just an exercise in futility and confusion. The new income-tax return form is more complicated. One has to calculate what are the annuity refunds, etc. On account of the complications, the assessee is forced to depend more and more on the professional practitioners. As a professional man, personally I do not mind it. But the public minds it very greatly. I would request the Finance Minister to drop this whenever it is possible, either this year itself or next year. It is only a question of Rs. 14 crores or so. The Ship of State would be lighter if the annuity deposit scheme is jettisoned.

**श्री कंबर लाल गुप्त (दिल्ली सदर) :** अध्यक्ष महोदय, यह जो एन्युइटी स्कीम है मैं समझता हूँ कि यह इतने काम्प्लीकेशन्स पैदा करता है कि कॅलकुलेशन में भी और असेसी को भी बड़ी तकलीफ उसकी वजह से हर साल होती है। वित्त मन्त्री महोदय मुझ से इस बात में इत्तिफाक करेंगे कि बहुत से असेसी ऐसे हैं कि उन्हें एक बार डिपॉजिट करने के बाद पता ही नहीं रहता कि उसको क्या किया जाय, नतीजा यह होता है कि उनका पैसा पड़ा रहता है। मैं तो समझता हूँ कि इससे अच्छी तो सी० डी० एम० की स्कीम ही थी। तो जहाँ आप सिम्पलीफिकेशन की बात कर रहे हैं उसके तहत तो यह जरूरी हो जाता है कि यह जो एन्युइटी है वह खत्म होनी चाहिए। पैसा इकट्ठा हो करना है तो उसके और तरीके हो सकते हैं। सरकार और तरीके अपनाये तो ज्यादा अच्छा होगा और मैं वित्त मन्त्री महोदय से प्रार्थना करूँगा कि वह अभी नहीं तो आगे चल कर कमी जल्दी से जल्दी इस पर विचार करें कि यह एन्युइटी को जो स्कीम है यह ठीक नहीं है।

**Shri Morarji Desai:** Sir, I am trying to simplify the income-tax law, but that is an exercise which takes time.

Annuity would not have come in if CDS had not been opposed as it was opposed. I do not want to take a risk again of such opposition without understanding. Therefore, I am looking at it very carefully and by the next budget I would be in a position to say definitely what I will do. I can only say at this stage that I am not very much enamoured of this annuity business.

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

"That clause 3 stand part of the Bill."

*The motion was adopted.*

*Clause 3 was added to the Bill.*

**Clause 4—(Amendment of section 2)**

**Mr. Deputy-Speaker:** There are some amendments to clause 4.

What are the amendments that hon. Members would like to move?

**Shri N. Dandekar:** Sir, I beg to move:

Page 6, line 33,—

after "amalgamation" insert—

"(other than the shares, if any, in the amalgamated company)". (22)

Page 7,—

after line 14 insert—

"(aa) the following proviso shall be inserted and shall be deemed always to have been inserted at the end of clause (22), namely:—

"Provided that where in a scheme of amalgamation all the properties and liabilities of the amalgamating company are transferred to the amalgamated company, no part of such properties or of the accumulated profits of the amalgamating company shall be deemed to have been distributed as dividend."

Page 7, line 7,—

after "for", insert—

"the amalgamating companies or their subsidiaries or" (255)

Sir, the amendments that I have moved are wholly in accord with what I conceive are the intentions of the Finance Minister in relation to the whole operation known as amalgamation. I must begin by saying, I am very happy that these provisions concerning amalgamations have been embodied in the Finance Bill. They will go a long way to make for re-organising the industrial structure, streamlining it, weeding out units which are uneconomic and making the prospects of further development and so forth easier. The amendments that I have proposed are somewhat technical, but I will try and make my remarks as simple as I can. Let me take, first of all, amendment No. 22. It is concerned with the definition of 'amalgamation'. The definition given is:

"amalgamation", in relation to companies, means the merger of one or more companies with another company or the merger of two or more companies to form one company (the company or companies which so merge being referred to as the amalgamating company or companies and the company with which they merge or which is formed as a result of the merger, as the amalgamated company) in such a manner that—'

Then there are three important conditions. The first one is this:

"(i) all the property of the amalgamating company or companies immediately before the amalgamation becomes the property of the amalgamated company by virtue of the amalgamation;"

There is one technical difficulty here, that where the amalgamating company holds already, before amalgamation, any shares in the amalgamated company, those shares are the properties

undoubtedly of the amalgamating company. But after amalgamation they do not become the property of the amalgamated company; they just become extinct, because, the amalgamated company cannot hold its own shares. Now, so long as this definition stands as it is, there is a good deal of doubt whether, in cases of that kind, there is 'amalgamation' within the meaning of this section. I will read the first condition again:

"all the property of the amalgamating company or companies immediately before the amalgamation becomes the property of the amalgamated company by virtue of the amalgamation."

Now, in order to clear this doubt, I am suggesting: after "amalgamation" insert "(other than the shares, if any, in the amalgamated company)". That is to say, shares held by the amalgamating company in the amalgamated company will be ignored, because they cannot be transferred to the amalgamated company.

The next amendment I would like to speak about now is amendment No. 255, which is concerned with amending condition No. (iii). Condition (iii) reads:

"shareholders holding not less than nine-tenths in value of the shares in the amalgamating company or companies (other than shares already held therein immediately before the amalgamation by or by a nominee for the amalgamated company or its subsidiary) become shareholders of the amalgamated company by virtue of the amalgamation."

Here the difficulty concerns cross-shareholding by the amalgamating companies. If the definition "shareholders holding not less than nine-tenths in value of the shares in the amalgamating company or companies (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the amalgamated com-

[Shri N. Dandekar].

pany or its subsidiary)" were to prevail, a number of cases where the amalgamating companies on cross holdings of each other's shares might go out of this, because such cross holding might be liable to be excluded from the nine-tenths requirement in one case or the other; and it is then not possible to fulfil this condition, because of this cross holding. To remedy that situation what I am suggesting is to insert a few words which would not have this effect, because then it will read:

"(other than shares already held therein immediately before the amalgamation by, or by a nominee for, the amalgamating companies or their subsidiaries or the amalgamated company or its subsidiary)".

The object of this to take out of the calculation not merely the shareholding by the amalgamated company but also the cross shareholding by the amalgamated company for the purpose of application of this nine-tenth test. This again is really to clarify the definition, as far as I can see, by removal of certain defects.

My amendment No. 23 is more substantive. It is not just a verbal change. The structure of the provisions relating to amalgamation, the admirable provisions relating to amalgamation in this Finance Bill are broadly to the effect that what might otherwise be conceivably taxable, for instance, such things as capital gains, or balancing charge or gift—a good deal of doubt is there as to whether such a situation arises at all from the tax angle.—the various provisions in this Bill make it clear that, apart from certain other matters, that sort of tax liability shall not arise merely by merger. Now, my amendment is designed to clear up one other point, namely, if there should arise any profit, because of some amalgamating companies having reserves (the transfer being usually at book value), there should not arise, conceivably, any "deemed dividends". In an amalgama-

tion, shares in the amalgamated company are given to the shareholders of the amalgamating company in extinguishment of their shares in that company. If in the amalgamating companies, one or two of them have accumulated profits in their balance-sheet then, although there is no actual physical distribution of assets in money or in kind, there is a body of opinion that seems to think that there could conceivably be held to be "deemed distribution" of profits and, therefore, a dividend within the meaning of sub-section 22 of section 2 of the Income-tax Act. Consequently, I am proposing by my amendment No. 23 that the following proviso shall be inserted and shall be deemed always to have been inserted at the end of sub-section (22) of section 2 which reads:

"Provided that where in a scheme of amalgamation all the properties and liabilities of the amalgamating company are transferred to the amalgamated company, no part of such properties or of the accumulated profits of the amalgamating company shall be deemed to have been distributed as dividend."

In other words, it is to weed out yet another doubt out of the amalgamation process that I have proposed this particular amendment.

**Shri Morarji Desai:** There are three amendments proposed. No. 22 proposes an amendment to make certain changes between the two when they amalgamate. The reason for proposing the modification appears to be that the shares in company B, which were held by company A prior to the merger will have to be cancelled or transferred to some other person when the merger takes place because company B cannot hold its own shares.

The Bill does not make any change in the existing provisions in the matter of definition of the term 'amalgamation' in the Income-tax Act. All that has been done in the Bill in regard to

the definition of the term 'amalgamation' is (a) to make certain clarificatory amendments therein as also a few minor changes to remove certain difficulties relating to other conditions in the definition and (b) to shift the definition from section 33 of the Income-tax Act to section 2 of the Act which contains the definitions of most of the terms used in the Act. The particular condition which the hon. Member seeks to modify has been in the Act for a very long time and it is in line with the scheme of existing provisions of the Companies Act 1956 in relation to amalgamation of companies.

I have been advised by legal advisers that when the courts sanction amalgamation of companies necessary arrangements, including the changes in the shareholdings of companies concerned, are made to secure that the whole of the property of the transferor company becomes the property of the transferee company on amalgamation.

The acceptance of the amendment proposed by the hon. Member may result in changes which are not in consonance with the provisions of the Companies Act relating to amalgamation of companies. It is, therefore, that I cannot accept this amendment and it is not necessary in my view.

Amendment No. 255 which he has proposed envisages a situation where the company could hold its own shares—a position which is totally contrary to the provisions of section 77 of the Companies Act. Therefore that also I cannot accept.

**Shri N. Dandekar:** I do not follow that. I am only saying that that will not be taken into consideration. How is one company going to hold the shares when both are merging?

**Shri Morarji Desai:** The amendment takes the clue from the computation of shares held in the amalgamating company or companies by the amalgamated company or its subsidiary. This is why it would create a situation where the company will hold its own shares if you exclude it.

As regards amendment No. 23, this has been proposed in the context of the definition of the term 'dividend' in section 2(22)(a) of the Income-tax Act under which the term 'dividend' includes any distribution by a company of accumulated profits whether capitalised or not if such distribution entails the release by the company to the shareholders of all or any part of the assets of the company.

13 hrs.

Here again I have been advised by law officers that this provision is not attracted in the case of amalgamation of companies, firstly because the transfer of assets of a company to another company in a scheme of amalgamation does not by itself constitute any distribution of accumulated profits to the shareholders and secondly because such a transfer of assets cannot result in the release of the assets of the transferor company to its shareholders except where all the shares in the transferor company had been held prior to the merger by the transferee company.

Even in the latter case, there will be no distribution of accumulated profits by the transferor company and, therefore, Section 2(22)(a) will not be attracted.

In view of this position, this amendment does not appear to be necessary. Therefore, I cannot accept all the three amendments.

**Mr. Deputy Speaker:** I put all the amendments, Amendment Nos. 22, 23, and 255, together to the vote of the House.

*Amendments Nos. 22, 23 and 255 were put and negatived.*

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

"That clause 4 stand part of the Bill"



[Mr. Deputy-Speaker].

*The motion was adopted.*

*Clause 4 was added to the Bill*

*Clauses 5, 6 and 7 were added to the Bill*

**Mr. Deputy-Speaker:** We now adjourn for lunch to meet again at 2 O'Clock.

13.02 hrs.

*The Lok Sabha then adjourned for Lunch till Fourteen of the Clock.*

*The Lok Sabha re-assembled after Lunch at seven minutes past Fourteen of the Clock.*

[MR. DEPUTY-SPEAKER in the Chair]

FINANCE (No. 2) BILL, 1967—contd.

**Clause 8—(Amendment of section 32)**

**Mr. Deputy-Speaker** We shall now take up clause 8.

**Shri N. Dandekar:** I beg to move\*:

Page 8; after line 24, insert—

'(ii) After sub-section (2) of section 32 of the Income-tax Act, the following sub-section shall be inserted, namely:—

"(3) Where, in a scheme of amalgamation, the amalgamating company sells or otherwise transfers to the amalgamated company any building, machinery, plant or furniture in respect of which full relief has not been given to the amalgamating company for any allowance under sub-section (1), the provisions of sub-section (2) shall be applied, as far as may be, in the assessment of the amalgamated company as they would have applied in the assessment of the amalgamating company if the latter had not sold or otherwise transferred such building, machinery, plant or furniture to the former." (24)

**Shri S. S. Kothari:** I beg to move\*:  
Page 8, after line 24, insert—

'(b) after sub-section (2) the following sub-section shall be inserted, namely:—

"(3) Where, in a scheme of amalgamation, the amalgamating company sells or otherwise transfers to the amalgamated company any building, machinery or plant or furniture in respect of which depreciation allowance has been allowed to the amalgamating company under sub-section (1), the provision of sub-section (2), shall or far as may be apply to the amalgamated company as they would have applied to the amalgamating company, if the latter had not sold or otherwise, transferred the asset" (120).

**Mr. Deputy-Speaker:** These amendments are now before the House.

**Shri N. Dandekar:** The amendment which I have tabled to clause 8 is concerned with carry forward of unabsorbed depreciation from the amalgamating companies to the amalgamated companies. Under sub-section (2) of section 32 there is a provision that ordinarily where full effect cannot be given to the depreciation allowance admissible under sub-section (1) of section 32, then so much as cannot be given effect to is carried forward until it can be absorbed by later profits. What I am seeking to provide by the amendment which I have moved is precisely that the same relief should be admissible when two amalgamating companies get together and form an amalgamated company because it is a right, I believe, in connection with the assessment of the amalgamating companies, which ought not to be denied to them when they have amalgamated.

The wording of my amendment may not be technically perfect. What I

\*Moved with the recommendation of the President.

have suggested do the insertion of a sub-section (3) which would read thus :

'Where, in a scheme of amalgamation, the amalgamating company sells or otherwise transfers to the amalgamated company any building, machinery, plant or furniture in respect of which full relief has not been given to the amalgamating company for any allowance under sub-section (1), the provisions of sub-section (2) shall be applied, as far as may be, in the assessment of the amalgamated company as they would have applied in the assessment of the amalgamating company if the latter had not sold or otherwise transferred such building, machinery, plant or furniture to the former . . .'

I hope the Finance Minister will agree that this is on a different footing from any question of buying losses or profits. I am not advocating carry-forward of losses of the amalgamating companies to the benefit of the amalgamated company. That might result conceivably in malpractices of a kind one would not like to have. There could be buying and selling of losses and so forth. But here what I am concerned with are assets which are there and upon which depreciation is admissible, but full effect could not be given to that depreciation because of inadequacy of profit, and therefore, in the hands of the amalgamating companies a certain amount of depreciation allowance otherwise admissible remains to be carried forward. What I am suggesting is the carry-forward of that depreciation; that unabsorbed depreciation should not be lost to the amalgamated concern which, in fact, consists of the amalgamating concerns put together.

**Shri S. S. Kothari:** I have nothing to add to what Shri Dandekar has explained.

**Shri Morarji Desai:** I understand the purpose for which these amendments are moved. It is that where a company

transfers its depreciable assets to another company in a scheme of amalgamation, the transferee company should be entitled to carry forward and set off against the amount of its taxable profit, the unabsorbed depreciation allowance which was being formerly carried forward by the transferor company. This is the purpose.

When an amalgamation takes place, the transferee company ordinarily takes over the assets of the transferor company as the depreciated value regardless of the circumstance, that the depreciation allowance due on those assets could not be absorbed before. If this is allowed, this would confer a fortuitous tax benefit on the other company. It is not in this scheme that all those who want to be amalgamated will be allowed to be amalgamated. That is not the purpose of this. The purpose of this is to see if by amalgamation the country profits and the companies' production also profits, not to allow all sorts of companies to be amalgamated so that the losses of some can be set off against the profits of another and Government may be deprived of the income tax due to them . .

**Shri Indrajit Gupta:** Or monopolies may be created.

**Shri Morarji Desai:** Or monopolies may be created. That is not the purpose. Therefore, I cannot accept the amendments.

**Mr. Deputy-Speaker:** I shall now put these two amendments to the vote of the House.

*Amendments Nos. 24 and 120 were put and negatived.*

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

"That clause 8 stand part of the Bill".

*The motion was adopted.*

*Clause 8 was added to the Bill.*

**Clause—9** (*Amendment of s. 33*)

**Shri N. Dandekar:** I beg to move\*:

Page 9, line 3,—after “(b)” insert “the development rebate or, as the case may be.” (25)

This is a very small and entirely technical amendment which is to the effect—I would only dilate upon the effect—which I shall presently explain. The clause already provides that the development rebate admissible to the amalgamating companies, if it has not been fully availed of, will be admissible to the amalgamated company. But the wording requires a slight change and therefore, what I have suggested is that instead of the words ‘the balance of the development rebate’, the wording should be ‘the development rebate, or as the case may be, the balance of the development rebate’.

This becomes necessary because of some odd judgment that exists of one of the High Courts to the effect that, if the law says only ‘the balance of the development rebate’ and if in any given case, no part of the development rebate has been availed of by the amalgamating companies, then what is at stake is the whole of the development rebate and not the balance of the development rebate. I am sure the Finance Minister did not intend that kind of interpretation, and I hope he will accept this, namely that in sub-clause (b) at page 9, where the words are “the balance of the development rebate, if any,” it should really read “the development rebate or as the case may be the balance of the development rebate, if any”.

**Shri Morarji Desai:** The hon. member has contemplated a case where a company which is running into a loss or has no profits installs machinery or plant or acquires ships for the purpose of its business and soon after merges into another company. Otherwise, it will not arise. There are no such cases within my knowledge, within the knowledge of the Ministry or Department. I do not think that such cases can happen.

**Shri N. Dandekar:** They are going to arise over the years because the present state of affairs is so bad. New companies are not making profits and certainly not, therefore, absorbing the development rebate, and if this merger process is to be inhibited in those cases where the whole development rebate remaining outstanding instead of a part, this provision as it now stands would be a meaningless limitation on it.

**Shri Morarji Desai:** I do not think it is any limitation, but it will certainly prevent amalgamation of wrong companies, that is all. We have given this development rebate for a specific purpose of helping industries to grow up, but there have been instances where they have not been very properly used. That also has been the case. I do not want, by accepting such an amendment, to open out some vistas about which I am not sure, I will certainly examine this further, I can say that, and then afterwards see, but today I cannot accept it.

**Shri N. Dandekar:** In view of the assurance that it would be examined, I do not press it.

**Mr. Deputy-Speaker:** Has he the permission of the house to withdraw his amendment?

**Hon. Members:** Yes.

*The amendment was, by leave, withdrawn.*

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

“That Clause 9 stand part of the Bill”.

*The motion was adopted.*

*Clause 9 was added to the Bill.*

**Clause 10—(Amendment of section 33A)**

**Shri N. Dandekar:** I beg to move\*

Page 9, line 31,—

after “(b)” insert—

“the development allowance or, as the case may be,” (26)

\*Moved with the recommendation of the President.

This amendment is exactly of the same nature as the previous one, in relation, this time, to development allowance. If the matter will be examined,.....

**Shri Morarji Desai:** Yes.

**Shri N. Dandekar:** I do not press.

**Mr. Deputy-Speaker:** Has he the permission of the House to withdraw?

**Hon. Members:** Yes.

*The amendment was, by leave, withdrawn.*

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

"That clause 10 stand part of the Bill."

*The motion was adopted.*

*Clause 10 was added to the Bill.*

**Clause 11—(Insertion of new section 33B).**

**Shri N. Dandekar:** I beg to move\*

Page 10, line 4,—

*after "is" insert—*

"wholly or partly" (27)

Page 10, line 24,—

*for "manufactures or produces articles" substitute—*

"is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture, production or processing of goods or in mining" (28)

Page 10,—

*after line 24, insert—*

"Explanation 2.—In this section "riot or civil disturbance" includes also any riot or civil disturbance in which some or all the employees of the undertaking are involved". (29)

**Shri Himatsingka:** I beg to move:\*

Page 10, line 10,—

*after "disturbance", insert—*

"including organised action of the employees of the undertaking". (121)

**Shri Indrajit Gupta:** I beg to move:\*

Page 10,—

*after line 24, insert—*

"Explanation 2.—In this section "riot or civil disturbance" does not include a strike or stoppage of work within the meaning of the industrial Disputes Act, 1947, and in which some or all of the employees of the undertaking are involved". (173)

**Shri S. S. Kothari:** The Government has been good enough to provide for rehabilitation allowance at 60% of the terminal allowance, where owing to certain dislocations in industry, the business has to be discontinued and the assets discarded. I would urge the Government, through the Finance Minister, to accept that where disturbance has been provided for, the disturbance should include organised action by the employees of the undertaking, because sometimes what happens is that due to strike or may be a little sabotage inside the factory, certain machines cannot be worked. If they are vital machines, the undertaking may have to close down. In that case, this allowance so kindly given to industries should be allowed also to such industries. I think it is a vital measure, and I hope the Finance Minister will have no objection in accepting it, unless he is determined not to accept anything that we move.

**Shri N. Dandekar:** My amendment 27 is concerned with extending the clause where the discontinuance is whole or part. The present clause reads: "Where the business of any industrial undertaking carried on in India is discontinued...." It requires that the whole thing should have been discontinued. That is a kind of calamitous situation that rarely occurs. What does happen is that part of a business,

\*Moved with the recommendation of the President.

[Shri N. Dandeker ]

on account of the calamities that are mentioned here, may often be discontinued for the reasons stated. My first amendment therefore is to insert the words 'wholly or partly' in which case it will read: "where the business of any industrial undertaking carried on in India is wholly or partly discontinued in any previous year...."

Next, I am suggesting that the present explanation should be re-numbered as (1). That is merely a technical change. I now come to the more important thing, namely, in that explanation for the words 'manufactures or produces articles' substitute "is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture, production or processing of goods or mining". I was wondering why the relief contemplated here, a desirable and necessary relief, namely, where a business is discontinued...

**Shri Morarji Desai:** May I suggest an amendment to his amendment in which case I accept his amendment. If the word 'production' is dropped out of his amendment, I will accept it.

**Shri N. Dandeker:** I am grateful. In that case my amendment No. 28 will read as follows:

"is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining".

I have deleted the word production.

My next amendment No. 29—is for inserting an Explanation No. 2: after line 24, insert—

"Explanation 2.—In this section "riot or civil disturbance" includes also any riot or civil disturbance in which some or all the employees of the undertaking are involved".

The only reason for suggesting this amendment is that the insurance companies have taken the view in regard to underwriting the risk of riot and civil disturbance that where any riot or civil commotion or disturbance occurs because of anything done or because of participation in it by the employees of the concern, they are not covered; in other words they are not bound by that particular under-writing agreement. That is the view that has been taken. I do not know whether that view is correct or not. I am sure the Finance Minister will agree that he really intended the words 'riot or civil disturbance' in the widest possible sense and that he did not intend a particular case to be disqualified merely because in the disturbance or riot the employees of the company also participated. I hope that this will also be accepted.

**Shri Indrajit Gupta:** Sir, I have moved my amendment No. 173 which reads as follows:

after line 24, insert—

"Explanation 2.—In this section "riot or civil disturbance" does not include a strike or stoppage of work within the meaning of the Industrial Disputes Act, 1947, and in which some or all the employees of the undertaking are involved."

You will of course understand that I am completely opposed to Mr. Dandeker's amendment on this point. In the first place, in this clause as it stands at present in the Bill,—in the event of "the business of any industrial undertaking being discontinued in any previous year",—that will leave it open to interpretation as to what should be the duration of this discontinuance. Does it mean discontinuance for the whole year or discontinuance for a part of the year? Or, is it just discontinuance for a week or a month? It would be discontinuance in any case. For example, one can visualise the case of a factory in which the work of different departments is interconnected; there is a flow of material from one department to another. And let us assume that a

strike or a slowdown or something like that takes place,—it happens quite frequently—affecting a particular department or section of that factory, as a result of which the subsequent operations are held up due to inadequate flow of material; that particular strike in a particular department affecting the operation of the employees may continue for some time, a few weeks or a month or two months, as a result of which the subsequent operations are held up, and the factory remains closed. Will it fall within the ambit of this clause, I want to know, when the business of that factory was discontinued for a part of that year due to the fact that the strike had taken place?

Therefore, I wish to make it clear that these four contingencies which are visualised—flood, typhoon, etc., riot or civil disturbance, accidental fire or explosion and action by an enemy or action taken in combating an enemy—are nothing new. These are what are generally known as *force majeure*, incidents supposed to be beyond the control of the management or the workers or anybody, or an act of God or something like that. If that is the strict meaning of this, I have no quarrel, but Mr. Dandekar and Mr. Kothari also, by moving their amendments, want to extend the meaning of this clause to cover also what are ordinary labour disputes, strikes or stoppages of work or lock-outs as a result of labour dispute, because a lock-out may be imposed by the management by saying, "I was compelled to do so due to circumstances beyond my control; my business has been held up for part of the year and therefore I claim this rebate."

Recently, we have had this phenomenon of gherao which has been raised in this House so many times. Now, this gherao also is being sought to be given a legal interpretation by the organised employers in Calcutta: that this is a form of civil disturbance. So, it would come, according to them, within the meaning of this clause. Therefore, I wish to make it clear that we are categorically opposed to any kind of amendment of this section or reading some meaning into this or putting some

words, some qualifying words, which would mean that in the name of a so-called civil disturbance or a partial disruption or discontinuance of work in the factory, in an ordinary industrial dispute under the Industrial Disputes Act, a dispute or a strike or a stoppage, the employers can come forward and claim this relief under this clause. It is completely wrong and unwarranted. If this is confined to *force majeure* only, which is so in many agreements, legislation, etc., and if it is an act of God or things due to factors which are beyond the control of anybody, it is a different matter—earthquake or fire or something like that. But on what is commonly understood as riot or civil disturbance, when Mr. Dandekar is trying to say, ". . . in which some or all of the employees of the undertaking are involved," he is trying to stretch the meaning to cover things like gherao or strike or stoppage of work which are properly covered by the Industrial Disputes Act and recognised to be accepted form of labour dispute but which may result in a stoppage and may incidentally also lead to a discontinuance of work in the factory for a certain period. Here, there is nothing specific to say that the business should be discontinued for the whole of the year or a major part of the year; if it is discontinued for a month or a fortnight or two months, will this clause be invoked? I want to know what is the intent and purpose behind it. Certainly I would oppose the interpretation sought to be made through the amendments of Mr. Kothari and Mr. Dandekar. Therefore, I am moving my amendment which makes it explicitly clear that this cannot extend to strikes or stoppages of work within the meaning of the Industrial Disputes Act.

**Shri Himatsingka:** Sir, Mr. Gupta has misunderstood the clause. He has forgotten to read the words,

"by reason of extensive damage to, or destruction of any building, machinery, plant or furniture owned by the assessee and used for the purport of such business.."  
etc.

If extensive damage of this sort is caused, the business cannot be continued. Therefore, the apprehension of the hon. member is not justified. The only thing he wants to be clear is that if the civil disturbance or riot includes any of the workers, then this allowance should not be given. I submit that this is a very wholesome clause that has been introduced by the Minister and the benefit should not be lost because of some of the workers being involved in it.

**Shri Krishna Kumar Chatterjee** (Howrah): I rise to oppose strongly the amendment moved by Mr. Gupta. He is a trade union worker in a State where I also claim to be a trade union worker. Lest I may be misunderstood, I want to make it clear that this particular clause is not against any peaceful agitation or even strike by the workers. The only purpose, as pointed out by Mr. Himatsingka, is to give some relief when extensive damage is caused to the particular undertaking. I think Mr. Gupta's amendment almost induces the workers to violence. We want to protect it. In his wisdom, our Deputy Prime Minister has tried to give some justified relief to certain undertakings of the public sector and private sector as well. There are three types of undertakings. There are small firms which are run by either the private sector or the public sector. These small firms are doing very useful services to national economy. Therefore, it will be very profitable if I just read a few lines from a summary of the study made by Mr. Martin Rudd, a Senior Simon Fellow of the University of Manchester. He has carried out investigation on small firms in UK, U.S. and Canada. He says:

"Yet, they represent a considerable national investment in a set of highly specific assets, especially in management experience. These resources are wasted if they are scrapped prematurely when they could still have a sound prospect of effective employment in full and fair competition. Given that smaller business are often above aver-

age in flexibility of initiative, it could still have a significant contribution to make—economically and socially—to national growth and development."

If Mr. Gupta's amendment is accepted, it will bring about a disastrous state of things so far as small firms are concerned.

Regarding private enterprise, I will quote a few words of our former Commerce Minister. This is also from the *Eastern Economist*:

"The private enterprise of today is different from the 'Free Enterprise' of laissez-faire variety of the 18th and 19th centuries. Certain changes have occurred in the conduct of private enterprise which must be noted. The most significant change is what Burnham calls the 'managerial revolution', i.e., that big business is being run by professional managers rather than by owner-proprietors at least in the developed countries. This divorce between ownership and control has brought about changes in motivation which today governs private enterprise. The aim of modern private management could be more appropriately called maximisation of economic power, i.e., expansion and consolidation of the enterprise rather than immediate and rich dividends. Again the professional managers are beginning to show greater evidence of a social conscience. Above all, they also welcome the entry of governments in the field of public welfare. The state is considered by some of these farsighted businessmen as a guarantee of long-term business survival and development."

I am saying all this because I did not get any time to take part in the debate on the Finance Bill. I will just quote one thing and then conclude. In the Editorial of the *Eastern Economist* it has been said:

"The Deputy Prime Minister is fond of casting himself in the role of a doctor called to the sick-bed of the nation's economy. It is a pity that his medicine chest does not include the one mixture which the patient's condition demands—a reduction of at least a few hundred crores of rupees in government spending accompanied by a corresponding reduction in taxes, both direct and indirect."

**Mr. Deputy-Speaker:** What has it got to do with the amendment?

**Shri Krishna Kumar Chatterji:** This is just a diversion. Sir, I oppose also the amendments of Shri Dandekar and also the amendment of Shri Kothari. They are also superfluous. The clause as it stands is quite enough.

**श्री एस० एम० जोशी (पूना) :** उपाध्यक्ष महोदय मेरे पहले जो माननीय सदस्य बोले अगर वह न बोलते तो मैं इस तरमीम का समर्थन करने के लिये खड़ा न होता। लेकिन जब उन्होंने यह कहा कि मेरे मित्र श्री इन्द्रजीत गुप्त ने जो संशोधन पेश किया है उसका नतीजा यह होगा कि हम हिंसात्मक वृत्तियों को प्रोत्साहन देंगे तब मैं कहना चाहता हूँ कि यह सरासर गलत चीज है। रायट और सिविल डिस्टर्बेंस के माने क्या होने चाहियें इसको साफ करने के लिये ही यह अमेंडमेंट रखा गया है। उसमें यह बतलाया गया है कि इंडस्ट्रियल डिस्प्युट्स एक्ट जो बना है उस कानून के मुताबिक जो स्ट्राइक होंगे वह इसमें नहीं रहने चाहियें। सिविल डिस्टर्बेंस और रायट में ऐसी बातें लाने के लिये ही शायद श्री दांडेकर ने अपना अमेंडमेंट रखने की कोशिश की है।

हम लोग आज मजदूरों के लिये लड़ते हैं। मजदूरों को खास कर संविधान के मातहत अधिकार है कि मजदूर लोग अपने संगठन के जरिये जिस को हम कलेक्टिव बारगेनिंग कहते हैं वह कर सकें। अगर कलेक्टिव बारगेनिंग करनी है तो उसके लिये स्ट्राइक तो करना ही होगा। यह एक जायज चीज है और मजदूरों

के इन अधिकार को छीनने की कोशिश नहीं होनी चाहिए। इस लिए यह सफाई रखी गई है और मैं इस तरमीम का पुरजोर शब्दों में समर्थन करता हूँ।

**Shri Indrajit Gupta:** Sir, I am quite willing to withdraw my amendment on one of two conditions, either if Shri Dandekar withdraws his amendment and Shri Kothari also withdraws his amendment or if there is a specific amendment to be put in saying where it says "riot or disturbance in which some or all of the employees of the undertaking are involved", that this should be extended a little more to cover not only the employees but the management also because experience shows us that, for example in the coal mines, civil disturbances are not caused by workers but by the management. In the Heavy Electricals, Ranchi, in the fire and sabotage that took place, after inquiries it has been found that part of the management was involved in it. Therefore, why only the poor workers should be dragged into this? But I suppose in the end the Minister will reject both Shri Dandekar's and my amendment.

**Shri S. S. Kothari:** Sir, We in J. A. Sangh are in favour of the workers' right to strike. We are not against strike nor against organised action. But we are against sabotage, if it leads to discontinuance of industrial activity, the machines being damaged and so on. In that case the industry will be closed.

**Shri Beni Shankar Sharma (Banka):** Mr. Deputy-Speaker, Sir, while supporting the amendment of Shri Dandekar and opposing the amendment of Shri Indrajit Gupta, my only observation is that the latter amendment has been moved on the ground of ideology. This is an amendment to the Income-tax Act, whereby certain allowances have been allowed to the industry which suffers as a result of certain disturbances, which may be accidental or natural or both. This may be due to riots. The riots may be between several parties, and the parties might be



[Shri Beni Shankar Sharma.]

those of labourers. Shri Indrajit Gupta should not be apprehensive about this because we are not concerned with the question of ideology here. Here we are concerned with the question of allowances which are to be allowed if there is damage to the factory due to any disturbances, either natural, man-made or labour engineered. I will simply add that if it is allowed for damages caused by the management, then the government would become insolvent, because we know—excuse me for my saying this—there are some unscrupulous people in the management who may use this device and get all the benefits. So, there are accidents, there are riots on account of labour sometimes, for which this benefit is to be allowed. But if this benefit is also allowed to the management, then perhaps the Government will go insolvent.

**Shri Morarji Desai:** There are four or five amendments, 27, 28....

**Mr. Deputy-Speaker:** Amendment No. 28 we have disposed of.

**Shri Morarji Desai:** Yes, and 121 and 173. Amendment No. 28, as I have already said, I have accepted with a verbal amendment.

Coming to amendment No. 27, my hon. friend wants to cover also cases where the business or industrial undertaking has not discontinued. This clause is meant only for those cases where it has discontinued. Therefore, if it is to be applied also where it is partly discontinued, we will enter into all sorts of difficulties.

**Shri N. Dandekar:** I should have explained it. Supposing a concern has two factories and one factory is closed but not the other. The whole business is not discontinued. What happens?

**Shri Morarji Desai:** If a part of the concern is discontinued, it will not be covered and it should not be covered. Unless the whole undertaking is discontinued, this should not apply. We will consider later on if any further change is necessary, when specific cases

are brought to notice. But today we cannot deal with such cases. Therefore, I cannot accept amendment No. 27.

**Shri N. Dandekar:** In view of this I would like to withdraw amendment No. 27.

**Shri Morarji Desai:** Coming to amendment Nos. 29 and 171, my hon. friend, Shri Indrajit Gupta was quite right when he said that I would not accept both because, in one case, in the case of amendment No. 29, it is not necessary to accept it. What my hon. friend has thought of is already included in riot and civil disturbance, and what my hon. friend, Shri Indrajit Gupta wants, I cannot accept. He wants peaceful strikes to be excluded from it. In the case of peaceful strikes there is no question of any damage done. My hon. friend, Shri Joshi, also need not be worried about it because Shri Dandekar has moved it. If the strike is peaceful and no damage is caused, then there is no question of bringing this clause into effect at all. This applies only in cases where damage has been caused and an undertaking has to stop work; not for any other reason. If the management causes damage, it is also not covered. It covers God-made and man-made calamities, but not company-made or management-made calamities; they are not included in it. Nor would I want to exempt employee-made calamities. I want to include them, and they are included. If the strikers cause damage or anybody else cause damage, then this provision will come in. Therefore, it is not necessary to amend this, as suggested by either my hon. friend, Shri Dandekar or Shri Kothari.

**Shri Indrajit Gupta:** Discontinuance means for what period—for one whole year or one month or one day?

**Shri Morarji Desai:** Discontinuance means, it cannot start unless they are compensated or something like that is done, but not for a day or anything like that. Discontinuance means that it gets out of working order com-

pletely. That is the meaning. It does not mean locked out. That will not be included in this. It means that it has come to a stop and it cannot work. That is the meaning of it. If it is partly discontinued, that also is not covered. That is why I said like that. That is the position of Government.

**Mr. Deputy-Speaker:** Shri Dandekar wants to withdraw amendment No. 27. Has he the leave of the House to withdraw his amendment No. 27?

*Amendment No. 27 was, by leave, withdrawn.*

**Mr. Deputy-Speaker:** Now I will put amendment No. 28, as modified, to the vote of the House. The question is:

Page 10, line 24,—

for "manufactures or produces articles" substitute—

"is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining"  
(28 as modified).

*The motion was adopted.*

**Mr. Deputy-Speaker:** I will now put amendments Nos. 2, 121 and 173 together to the vote of the House.

**Shri S. S. Kothari:** I withdraw amendment No. 121.

**Mr. Deputy-Speaker:** Now it is too late.

*Amendments Nos. 29, 121 and 173 were put and negatived.*

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

"That clause 11, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 11, as amended, was added to the Bill.*

*Clauses 12 to 16 were added to the Bill.*

**Clause 17—** (*Insertion of new section 43A*).

**Shri M. R. Masani:** Sir, I beg to move:\*

Page 13,—

omit lines 23 to 25. (1).

**Shri N. Dandekar:** Sir, I beg to move\*

Page 12, line 28,—

after "cost" insert—

"or, as the case may be, written down value" (30)

Page 12, line 28,—

after "clause (1)" insert—

"or, as the case may be, clause (6)" (31)

Page 12,—

after line 37 insert—

"Provided that where the asset so acquired has been sold, discarded demolished or destroyed before the change in the rate of exchange, the increase or reduction in the liability of an assessee as expressed in Indian currency shall be added to or, as the case may be, deducted from the total income of the previous year during which the liability so increased or diminished." (32)

**Mr. Deputy-Speaker:** Then amendment No. 33 is the same as amendment No. 1 which has already been moved.

**Shri S. S. Kothari:** Sir, I beg to move:\*

Page 12,—

after line 37, insert—

"Provided that where the asset so acquired had been sold, discarded, demolished or destroyed before the change in the rate of exchange, the increase or reduction in the liability of an assessee as expressed in Indian currency shall be made in computing the total income of the previous year during which the liability is so increased or reduced." (122)

\*Moved with the recommendation of the President.

**Shri N. Dandekar:** Sir, these amendments are to a very important clause which is concerned with giving effect to the earlier pronouncements of Government concerning the consequences of devaluation in relation to obligations outstanding in respect of assets purchased from foreign countries. I have only a few amendments which are designed really to improve this and to give the complete benefit that, I think, was intended.

The point underlying my first amendment (No.30) is that what is written up is either the actual cost or the written down value, as the case may be, at the time of devaluation in relation to the amount of increased liability in rupee terms resulting from devaluation. It is really a clarificatory amendment.

The second amendment (No.31) is again clarificatory so that it may be quite clear that this is not hedged in a manner that defeats the purpose; otherwise, there is nothing else in this particular amendment.

The more important ones are amendments Nos. 32 and 33. Amendment No. 32 is concerned with inserting a proviso to this clause to this effect:-

"Provided that where the asset so acquired has been sold, discarded, demolished or destroyed before the change in the rate of exchange, the increase or reduction in the liability of an assessee as expressed in Indian currency shall be added to or, as the case may be, deducted from the total income of the previous year during which the liability so increased or diminished."

It could be that assets acquired by foreign borrowings have, for some reason or other, been discarded or sold but the liability or a part of liability in respect of the acquisition, in foreign currency terms, may still be outstanding. Now, the result in the case of devaluation will be to increase that liability. But it could be, because the clause is expressed in general terms, that the change in the

rate of exchange favourable to India in relation to some other countries might result in a profit. Those adjustments ought to be made notwithstanding that the assets may have been sold or discarded or scrapped.

Then, my amendment No. 33.....

**Mr. Deputy Speaker:** You are supporting Mr. Masani's amendment also which is technically a similar amendment.

**Shri N. Dandekar:** It is all right. I am speaking on Mr. Masani's amendment as well as on mine. Both are identical.

It is to delete lines 23 to 25. The particular provision that I seek to delete is the following:

"(2) The provisions of sub-section (1) shall not be taken into account in computing the actual cost of an asset for the purpose of the deduction on account of development rebate under section 33."

This financial exercise, whether it is for the purpose of writing up or writing down, according to whether Indian currency is devalued or re-valued, is proposed (by the clause as it stands) to be confined only to the cost of the assets or the written-down value of the assets in so far as it concerns depreciation.

I suggest the proper thing would be to extend it also to cover the question of development rebate which is not just a concession. The whole purpose of the development rebate is financial assistance in order to enable concerns to replace assets, to develop the concern, to get rid of obsolete assets and to put in new assets and to provide for that a special allowance in the nature of development rebate which would be of a kind that assists the concern financially provided there is compliance with a number of conditions attached to the development rebate. I suggest that there is no reason whatsoever why the development rebate should be excluded from the adjustments necessitated by the change in

the value of the currency, whether upwards or downwards. The case for development rebate being correspondingly affected is exactly the same as that for the written-down value of the assets and, therefore depreciation also being affected.

**Shri S. S. Kothari:** In regard to my amendment No. 122, I submit that there are cases where an asset is diminished or destroyed before the devaluation but they may have been on deferred payment basis and the liability still remains to be paid. On account of devaluation, the amount in terms of rupee currency may have increased, and will increase actually, and that has to be borne by the company. Therefore, this should very legitimately be allowed as a deduction from income. I think, that directly follows from the relief which the Finance Minister has been kind enough to give to companies. I would also urge that the development rebate should be allowed. Actually, we had asked for it earlier but he has not yet agreed to that. The small concession that we have asked for here is very legitimate and he may, in his wisdom, kindly allow it.

**Shri Himatsingka:** Regarding the amendment moved by Mr. Dandekar, namely amendment No. 31, I think it is not necessary because the value, as regards devaluation, will affect the actual cost. There is no question of written down value coming in because the cost will be the cost calculated on the basis of the price paid. Therefore, the question of depreciated value does not come in at all. So, it is not necessary. Rather, it will affect the position.

**Shri Morarji Desai:** May I deal first with the development rebate because that is the substantial part, I believe, in all the amendments that are sought to be moved.

It was not considered necessary to give this benefit for development rebate also because we considered that it was adequate to allow the industry to recoup the additional rupee liability

against taxable profits for the year in the form of depreciation allowance; we, therefore, did not think it necessary to give this benefit for development rebate also. If I accept this amendment, it will perhaps cause a loss of Rs. 25 crores. *Interruptions*). That is what is estimated. I do not know whether the estimate is right or wrong, but that is what is estimated. I do not think that it is necessary to give both these advantages. The purpose is met by giving the concession which has been given. That was necessary and, therefore, it has been given. There was no question of any favour shown in the matter. I am not saying that. I think, in the wake of devaluation, what was required to be done should have been done and that it why, it has been done.

The written down value—of course, that part—cannot be accepted because it will give a double benefit. That is all that will happen.

About Amendment 122, which is proposed by Shri Kothari, I do not know why he has proposed it because it will put an additional liability on the assessee as it is worded. He does not seem to have realised this. I do not want to accept this amendment also. I do not want to put any additional liability.

Therefore, I oppose all the amendments.

**Mr. Deputy-Speaker:** I now put Amendments 1, 30, 31, 32 and 122 to the vote of the House.

*Amendments Nos. 1, 30, 31, 32 and 122 were put and negatived.*

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

“That Clause 17 stand part of the Bill.”

*The motion was adopted.*

*Clause 17 was added to the Bill.*

*Clauses 18 to 21 were also added to the Bill.*

**Clause 22**—(Amendment of section 72)

**Mr. Deputy-Speaker:** Is Mr. Dandeker moving his Amendment 34?

**Shri Morarji Desai:** The nature of the amendment is consequential.

**Mr. Deputy-Speaker:** The Minister says that the nature of the amendment is consequential. Is he moving it?

**Shri N. Dandeker:** Yes, Sir. I am moving Amendments 34 and 35.

I beg to move\*:

Page 14, line 31,—

after "is" insert "wholly or partly" (34)

Page 14, line 36,—

after "shall" insert—

"together with the loss if any relating to such business brought forward from the preceding assessment years," (35)

**Shri Himatsingka:** I beg to move :

page 14, line 35,—

after "loss" insert—

"[Including the loss referred to in sub-clause (ii)]." (123)

**Shri N. Dandeker:** Amendment No. 34. The fate of this is really covered by the defeat of the earlier amendment.

**Mr. Deputy-Speaker:** Then, would he like to withdraw it?

**Shri N. Dandeker:** Yes, I would withdraw Amendment No. 34. But I do not want to withdraw Amendment No. 35, concerning page 14, line 36. Here it reads:

"..... so much of the loss as is attributable to such business shall be carried forward to the assessment year relevant to the previous year in which the business is so re-established...."

That is excellent as far as it goes. But the point that I have dealt with in my amendment in this. What happens to the losses of this particular enterprise brought forward from the earlier years? It may well be that during the year or two years or three years or whatever the period might be when the business has been suspended before it is revived or re-established, the losses brought forward from the earlier years would have expired in regard to their "carry-forwardness"; and since losses can only be set off against profits from identical businesses, there would be nothing against which during the intervening years the earlier losses could be set off.

15 hrs.

Consequently, my amendment reads as follows. Where it is provided 'it shall be carried forward what I am suggesting is that it shall together with the loss, if any, relating to such business brought forward from preceding assessment years be carried forward to the assessment year relevant to the year in which the industry is re-established or revived. I hope the Finance Minister understands the point that I am trying to make. I am not trying to seek a new benefit; but what I am suggesting is that entitled benefits which were there should not lapse because of this.

**Shri Himatsingka:** The position has been made clear by Shri N. Dandeker. Therefore, I have nothing more to add.

**Shri Morarji Desai:** The proposed amendment is not necessary. It is redundant because what he wants is already covered. The existing provision in the Bill is a proviso to clause (2) of section 72(1) of the Income-tax Act. The said clause 2 refers to unabsorbed business losses which are allowed to be carried forward and set off against the profits of future years. The provision in the Bill refers to the unabsorbed business loss which automatically includes losses brought forward from preceding assessment years.

\*Moved with the recommendation of the President.

Therefore, this amendment is not necessary at all.

**Shri N. Dandekar:** I think I have not been able to make myself clear. Let me make the point again. Suppose in between the discontinuance of the business and its re-establishment, there are a couple of years, and the limit of the number of years to which the earlier losses can be carried forward lapses; then, will the carry-forwardness of those earlier losses be revived when the business is re-established? In other words, let us take year 1 as the year in which the business is discontinued; suppose year 2 and year 3 lapse and the business remains discontinued during those two years, and the business is re-established in year 4. The carry-forwardness of the earlier losses may expire in year 1 or year 2 or year 3 and consequently cannot be extended to year 4. If the Finance Minister says that it can be carried forward, then I shall accept his statement.

**Shri Morarji Desai:** If the period has expired then it cannot be carried forward. Why should I revive them?

**Shri N. Dandekar:** That is the real point. What is sought to be done by me is that a discontinued business ought not to suffer in this matter because of discontinuance due to either natural or human-made calamities. That is the whole point of the exercise. I hope I am not overstressing the point. But what I am saying is that one of the consequences of the calamity is that no profits are earned in the intervening period, and, therefore, the brought-forward losses cannot be set off, and if the losses of the year of discontinuance can be carried forward as if the intervening period was not there, I see no point in denying it to the earlier losses whose carry-forwardness may expire during the intervening period.

**Shri Morarji Desai:** I do not think that any losses which can be set off against future profits will not be allowed to be set off. I do not think

that that is the intention of this Bill. The intention of the Bill is that such losses could be covered. But if there are older losses and supposing it revives after five years, then it becomes difficult; it becomes an altogether different and difficult proposition. One will have to examine it and see what it means. That can certainly be examined.

**Mr. Deputy-Speaker:** Does Shri N. Dandekar have permission to withdraw his amendment No. 34?

**Several hon. Members:** Yes.

**Mr. Deputy-Speaker:** Does Shri Himatsingka want to press his amendment No. 123?

**Shri Himatsingka:** I seek leave of the House to withdraw it.

**Mr. Deputy-Speaker:** Does he have permission to withdraw his amendment?

**Several hon. Members:** Yes.

*Amendments Nos. 34 and 125 were, by leave, withdrawn.*

**Mr. Deputy-Speaker:** Then there is amendment No. 35.

**Shri N. Dandekar:** If I understand the Finance Minister to say that it is covered by the amendment made, I would be willing to accept the assurance; but I am not quite sure of the assurance.

**Shri Morarji Desai:** So far as I see, I think it is covered.

**Shri Kanwar Lal Gupta:** Not as Shri Dandekar wants.

**Shri Morarji Desai:** You can put it to vote.

**Mr. Deputy-Speaker:** I shall now put amendment No. 35 to vote.

Amendment No. 35 was put and negatived.

Mr. Deputy-Speaker: The question is:

"That clause 22 stand part of the Bill".

The motion was adopted.

Clause 22 was added to the Bill.

Clause 23 was added to the Bill.

Clause 24—(Amendment of section 84)

Shri N. Dandekar: I move:\*

Page 16,—after line 30 insert—

'(iv) the following further proviso shall be inserted and shall be deemed always to have been inserted namely:—

"Provided further that condition (ii) shall be deemed not to have been contravened if the industrial undertaking or hotel is set up in rented premises.".

Shri Himatsingka: I beg to move:\*

Page 16,—after line 6, insert—“(i) in clause (ii) after the word 'building' insert 'not being a building taken on rent or lease';” (124).

Dr. Ranen Sen (Barasat): I beg to move:\*

Page 16,—omit lines 6 to 17. (174)

Page 16,—for lines 1 to 5, substitute—

"and gains derived from any industrial undertaking, to which this section applies as does not exceed six per cent. per annum on the capital employed in such undertaking, computed in the prescribed manner". (257)

Shri N. Dandekar: This concerns the existing provision regarding tax holiday to newly established enterprises. The respective clauses and provisions about this are of course contained in the Third Schedule and is quite a new set of provisions. This is relevant only for one year. Nevertheless, the

principle of what I am trying to insert by the amendment is important, namely, to add a further proviso after line 30 which is itself a proviso which refers to certain pre-conditions that have to be fulfilled.

One of the conditions of this relief is that it should be an enterprise that has been started in premises in which there was no other enterprise. In other words, that the premises have not been transferred, it is not old machinery that has been transferred and so on. One of the objections that has been levelled against an enterprise satisfying all other conditions, except as regards building, namely, that the enterprise is located in rented premises has been the ground in several cases for denying this relief. I think the denial of such relief in such cases is wrong because there is no transfer of premises involved. Why such relief is being denied I am unable to understand. I can well understand that relief should be denied to a new industrial undertaking claiming to be new but is really a reconstruction of an old one, with plant transferred from somewhere, building transferred from somewhere and so on. But where a new enterprise admittedly otherwise new does not locate itself in its own premises which are new but locates itself on rented premises, it seems incredible that relief should be denied.

It is therefore for this purpose that I have sought to add this proviso:

"Provided further that condition (ii) shall be deemed not to have been contravened if the industrial undertaking or hotel is set up in rented premises".

Shri Himatsingka: There are industrial estates. If an undertaking is started there, or if a factory building is available which has been discontinued, and another factory is started there, I think simply because the building is taken on rent, that should not make the undertaking lose the benefit that is proposed here.

\*Moved with the recommendation of the President.

**Dr. Ranen Sen:** We are opposed to any sort of tax holiday. In my earlier speech I have clearly stated that this tax holiday to certain categories of industries is taxation on the common people. Therefore, when there is an attempt to include in this tax holiday group another concern like the hotel, we have got to oppose it.

In the name of getting foreign exchange, what are we doing? We are giving rise to a chain. Besides this tax holiday, other inducements to hoteliers are being given, and that was quite sufficient for the hotel business to stand on its legs, and for its future expansion. Here, besides those amenities, those subventions, loans and other things granted to hoteliers, tax holiday is being sought to be given. Therefore, my amendment relates to this hotel business.

Secondly, with regard to cold storage plants, practically today hoarding on a very big scale is due to the construction of cold storage plants on a very big scale throughout India. This is one of the reasons why from fruits to fish, from meat to eggs, all sorts of things are hoarded in these cold storage plants. Therefore, any sort of tax holiday given to these cold storage plants or machinery or implements required for these cold storage plants are being opposed to by us.

**Shri Morarji Desai:** I have no objection to accepting rented buildings also in this. For hotels this is already provided, but for factories it was not provided. I have no objection to accepting it because there are industrial estates in which the undertakings are in rented buildings, that is quite true.

My hon. friend Dr. Ranen Sen wanted that hotels should not get this benefit, and cold storage should not get this benefit. I do not understand why he thinks that this is not necessary. We want tourists to increase, so that it benefits us, it is for our benefit that we want to increase tourism here, and it is for that purpose

only that this tax holiday has been extended, hotels which are meant only for the tourists, not other hotels, and those which come into being now, not the earlier hotels. Then again, it applies only to those hotels which belong to company and to private persons.

**Shri Indrajit Gupta:** Are there such hotels reserved exclusively for tourists? The Intercontinental which was opened for tourists, is half the time full with Indian businessmen using their expense accounts.

**Shri Morarji Desai:** Only tourists cannot make it run, that is not possible. All the year round there are not tourists. Therefore they have got to be supported in this matter.

Cold storages are very necessary for perishable articles like fruits and fish. Fishing has increased more and it will benefit the fishing community if cold storages are there, otherwise it will not benefit everybody. It is necessary to have them. If there is hoarding, we can look after hoarding in a different way. But it is necessary to have more and more cold storages in this country for all these purposes. Therefore, we support that. I cannot, therefore, accept the amendment of my hon. friend Dr. Ranen Sen. I am against them.

**Mr. Deputy-Speaker:** Amendment No. 36 has been accepted by the Government. I shall first put it to the vote of the House. The question is:

after line 30 insert—

'(iv) the following further proviso shall be inserted and shall be deemed always to have been inserted namely:—

"Provided further that condition (ii) shall be deemed not to have been contravened if the industrial undertaking or hotel is set up in rented premises". (36)

The motion was adopted.



**Shri Himatsingka:** I am not pressing my amendment No. 124.

*Amendment No. 124 was by leave withdrawn.*

**Mr. Deputy-Speaker:** I shall put Nos. 174 and 257 to vote.

*Amendments Nos. 174 & 257 were put and negatived.*

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

"That clause 24, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 24, as amended, was added to the Bill.*

*Clauses 25 and 26 were added to the Bill.*

**Clause 27—(Amendment of Chapter XIII)**

**Mr. Deputy-Speaker:** We take up clause 27.

**Shri Indrajit Gupta:** Sir, I move\* my amendment No. 175:

Page 20,—

omit lines 23 to 40. (175)

The few remarks that I will make on this amendment will also apply to my amendments Nos. 181 and 182 to clauses 34 and 35 respectively. The same principle is involved and I say this to save time, as I do not want to speak the same thing again at that time. The principle is the same behind all these three amendments. This relates to the introduction of a new system which we come to understand is known as the 'American system', American model of income-tax administration. The essence of it is that in the name of administrative economy and decentralisation of functions, powers are being given to assign the functions which had been performed so long by income-tax officers to income-tax inspectors and even to the ordinary subordinate ministerial staff both in the case of income-tax as

well as gift and wealth tax. As far as we can understand it, the essential thing is that whenever it is considered necessary the inspectors and even ministerial staff below the inspectors can be called upon to perform these functions which are at present performed by the income-tax officers. My amendments are meant to oppose this principle because I feel that in the long run it is going to do more harm than good. In the first place, the traditional function of inspectors in our country had always been to find out new assesseees, to unearth tax evaders. That is the job of the inspectors. I think that even the hon. Minister will in some measure at least pay a tribute to the work that they have done. I remember that T. T. Krishnamachari, when he was Finance Minister, in this House on one occasion did pay tribute to the very good work done by the inspectors in unearthing new assesseees and in helping to unearth tax-evaders. The scope of this work is still very great and I do not think anybody will deny it, not even the Finance Minister, although we had occasion to remark during the general discussion that this fight against tax-evasion seems to have been practically given up. Nevertheless, perhaps this is an organisational administrative reflection of that attitude which is being brought in here.

The trouble will be that these inspectors whose workload is going to be increased, whose responsibility is going to be increased will be called upon by a special order to function, to do the work, which is being done now by the officers, while at the same time, they will have no upgrading themselves, no upgrading of the cadre, no upgrading of authority and no upgrading of pay or salary or anything like that. The promotional avenues of these people are going to be blocked. Even now, as the Minister probably knows, there is a great deal of discontent among them due to the fact that in violation of certain assur-

\*Moved with the recommendation of the President.

ances given earlier and as recommended by certain committees earlier, direct recruitment of income-tax officers is being done from outside rather than giving priority for the opportunity of promotion to those income-tax inspectors who have proved their ability and who are senior. Now, this new clause which is being introduced means that the normal promotional opportunity of these income-tax inspectors is going to be completely blocked or at least going to be reduced further.

My submission in brief would be that the saving in expenditure which Mr. Desai probably hopes to achieve through this method is really a case of being penny-wise, pound-foolish, because, in the long run, the additional revenue which can accrue to the country, to the exchequer, if the work of inspectors is properly done, would far outweigh the advantage that is sought to be got here by this method of decentralisation. I do not think that this expenditure should be reduced simply in the name of saving some money as a result of which the possibility of getting additional revenue will also go down further. There is no point in this, because one is cutting one's nose to spite one's face like this.

The inspectors are primarily meant to be field workers, but according to the system, as I understand it, they will now be more and more liable to be withdrawn from the field and bogged down in the work of what normally is done by income-tax officers. In this case I think this would have a very bad effect generally on the morale of the people, and even on their efficiency, and combined with the shrinkage of their normal promotional avenues and this increase in the workload without any corresponding upgrading, it will eventually land this income-tax department and the whole taxation machinery in a worse mess. This is being done simply because it is based on the American model or pattern that we are copying

from abroad. I think we should not act in this mechanical way, but try to understand the specific conditions which are obtaining in our country.

Therefore, this will add much more to the work of these inspectors who are primarily meant to be there for working in the field, to ferret out tax-evaders and find out new assesseees, which will result in bringing in additional revenue to the exchequer. So, I am moving these amendments; they fall under three different clauses, but the essential principle is the same. I am moving for omission or the deletion of this clause.

**Shri Morarji Desai:** I can understand the allergy of my hon. friend against everything done in America. It is true that the American experts have been consulted, and they have been working on this, but it does not mean that we have accepted whatever they have said without ourselves being in full agreement with what they are doing. And the system is not entirely the American system. It is also suited to our own conditions. I believe that there are a few inspectors who do not like the functional system, and they seem to have briefed my hon. friend. He is encouraging demoralisation and indiscipline if that is so. And that would not be healthy for the Government.

**Shri Indrajit Gupta:** You cannot produce a better argument.

**Shri Morarji Desai:** I am producing an argument.

**Shri Indrajit Gupta:** I would rather be briefed by inspectors from our country than by American experts.

**Shri Morarji Desai:** I am sorry for you; I would not say anything else. The new provisions have been made in the context of the introduction of the functional system. This is to make full use of the staff which is there and to make them even more efficient. It is not that their efficiency will be lessened. This does not in

[Shri Morarji Desai].

any way involve them in far higher responsibilities for lesser pay. We have made these changes to fully use them. It does not in any way involve any diminution in their prospects. On the contrary, if their work is found better, they will have better prospects in future. I do not know why this is being said. Of course, there is conservatism everywhere. Even my communist friends, who are very revolutionary, would be conservative in some aspects of life. Even the greatest revolutionary is conservative in some aspects of life. I can understand the inspectors being conservative in these matters. We will have to explain to them and bring them round to the new system. They will have to come round. It is not as if they should decide what we should do. It is the Government which has got to decide what should be followed. It cannot be left to the inspectors to be decided. Therefore, I oppose this amendment.

**Mr. Deputy-Speaker:** I will now put amendment No. 175 to the vote of the House.

*Amendment No. 175 was put and negatived.*

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

"That clause 27 stand part of the Bill."

*The motion was adopted.*

*Clause 27 was added to the Bill.*

Clauses 28 and 29 were added to the Bill.

**Clause 30—**(Amendment of chapter XVII).

**Mr. Deputy-Speaker:** There are a number of amendments.

No. 2. Shri Maddi Sudarsanam is absent. It is not moved.

**Shri Morarji Desai:** Let me move my amendments. Afterwards, they will become redundant.

I beg to move\*:

Page 24, for lines 6 to 33, substitute—  
“(Interest other than interest on Securities”).)

“194A. (1) Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of interest other than income chargeable under the head “Interest on Securities”, shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force:

Provided that no such deduction shall be made in a case where the person (not being a company or a registered firm) entitled to receive such income furnishes to the person responsible for making the payment—

(a) an affidavit, or

(b) a statement in writing,

declaring that his total income assessable for the assessment year next following the financial year in which the income is credited or paid will be less than the minimum liable to income-tax.

(2) The statement in writing referred to in sub-section (1) shall also contain such other particulars as may be prescribed, be verified in the prescribed manner, be signed in the presence of a Gazetted Officer of the Central or a State Government and bear an attestation by such Officer to the effect that the person who has signed the statement is known to him.

\*Moved with the recommendation of the President.

(3) The provisions of sub-section (1) shall not apply—

- (i) where the income credited or paid at any one time does not exceed four hundred rupees;
- (ii) to such income credited or paid before the 1st day of October, 1967;
- (iii) to such income credited or paid to—
  - (a) any banking company to which the Banking Regulation Act, 1949, applies, or any co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank), or
  - (b) any financial corporation established by or under a Central, State or Provincial Act, or
  - (c) the Life Insurance Corporation of India established 31 of 1956 under the Life Insurance Corporation Act, 1956, or
  - (d) the Unit Trust of India established under the Unit 52 of 1963 Trust of India Act, 1963, or
  - (e) any company or co-operative society carrying on the business of insurance, or
  - (f) such other institution, association or body which the Central Government may, for reasons to be recorded in writing, notify in this behalf in the Official Gazette.

*Explanation.*—In this section ‘Gazetted Officer’ includes a Tehsildar or a Mamlatdar of a Taluka or Tehsil or any other officer performing functions similar to those of a Tehsildar or Mamlatdar.”  
(159)

Page 26, for line 23, substitute—

“has furnished to him an affidavit or a statement under the proviso”. (160)

**Mr. Deputy-Speaker:** In view of these two amendments, is Shri Dandekar withdrawing his amendment?

**Shri N. Dandekar:** Sir, I would like to speak.

**Mr. Deputy-Speaker:** That you may do. It is only a formality.

**Shri N. Dandekar:** Sir, it is not a matter of formality, it is a matter of substance.

**Shri Kanwar Lal Gupta:** Sir, I beg to move\*:

Page 24—

omit lines 9 to 13 (178).

**Shri Beni Shankar Sharma:** Sir, I beg to move\*:

Page 24,—

after line 24, add—

“Provided further that similarly no deduction shall be made in a case where the person entitled to receive such income furnished to the person responsible for making the payment a certificate stating that he is already assessed to tax and has been paying his regular and advance taxes according to law, giving therein, the name and designation of the Income Tax Officer by whom he is assessed and his file number.” (6)

**Shri N. Dandekar:** Sir, I beg to move\*:

Page 24, line 7,—

after “resident” insert—

“not being a banking company as defined in Banking Companies

[Shri N. Dandeker].

Act, 1949 or a cooperative bank registered under the Cooperative Societies Act, 1912". (37)

Page 24, line 18,—

after "case" insert "(a)" (38).

Page 24, line 21,—

after "that" insert—

"to the best of his knowledge and belief" (39)

Page 24, line 24,—

after "income-tax" insert "or" (40).

Page 24,—

after line 24 insert—

"(b) where the person entitled to receive such income furnishes to the person responsible for making the payment, a certificate in the prescribed form granted by the Income-tax Officer by whom he is assessed, showing that he is already an assessee." (41)

Page 24,—

for lines 26 to 31 substitute—

"(i) in a case where the income referred to in sub-section (1) credited or paid at any one time does not exceed five hundred rupees;" (42)

Page 26, line 23—

after "affidavit" insert—

"or certificate" (43)

**Mr. Deputy-Speaker:** There is one amendment of Shri Indrajit Gupta—No. 180. Is he moving it?

**Shri Indrajit Gupta:** It is not valid in view of the amendment moved by the Finance Minister.

**Shri N. Dandeker:** Sir, I have only two points to make and if the Finance Minister will be good enough to accept them I will be very happy. Before I explain the two points I would like to reiterate what I said yesterday, that the Finance Minister has shown really a very forthcoming response to the general public outcry against clause 30 as it stood before. His exclusion from the ambit of clause 30, by his amendment, all fees, commissions, brokerages and so forth certainly makes the thing more acceptable than it was in the original form and, as I said, I am grateful and I would like to express appreciation of his response.

Then I come to the two points I want to make, which I briefly touched yesterday and which I want to reiterate today. The first is the unfortunate way in which the affidavit or statement which the recipient of interest has to give is worded. What it requires a person who has no taxable income, whose income is below the taxable limit, to do is to submit an affidavit or statement that he will not have income beyond the taxable limit. I think there would be difficulty in most cases. Everybody is trying to improve his income; nobody wishes to have income that is below the taxable limit and, therefore, everyone is constantly endeavouring to improve his income. But this statement or affidavit is casting a legally impossible burden on a person to have to say, for instance today, that during the current year his income will not exceed a taxable limit. I would beg of you to consider this, that the words prescribed need not necessarily be in this form. When I am making such an affidavit, what I should be required to state is, to the best of my knowledge and belief, today, that is, when I am making such an affidavit, my income does not exceed the taxable limit.

The second point which I urged yesterday and which I would like to develop a little today is in regard to

persons who are already assesseees. I suggest that if, for instance, I am an assessee and have an amount of interest coming to me from a fixed deposit account in a bank, it should be possible for me to tell the bank when it is paying interest to me "I am an assessee; you can communicate, as you are required by law, about the payment of interest to me to the income tax department; you are within your right to do that; but, do not start deducting the tax from this interest. I am an assessee and I am herewith producing a certificate from the income-tax officer who assesses me. He certifies that my case is on such and such register, with general index register number so and so, company circle, or whatever it is, so so."

Then, what will happen is this. Firstly, those persons who honestly believe they have no income above the taxable limit will be excluded by making a simple affidavit or statement, and, secondly, those, like me, who are already assesseees, by furnishing a certificate of this kind, will be excluded. That does not mean that I get a way from the payment of tax; it only means that I get away from, I escape, a lot of unnecessary paper work and vouchers, and this, that and the other. There is the machinery for advance demand of tax and the advance payment of tax, "pay as you earn". So, I pay the tax even when there is no deduction of tax at source.

So, what I am trying to get is this. For those who give an affidavit that they are not liable to pay tax and those who produce a certificate that they are already liable to tax as assesseees, they should be excluded. Then you will get a middle batch of people who are not able to certify. In those cases, I am entirely in agreement with the Government that the tax should be deducted at source; at least, you get that much tax because most of that body of people choose not to take advantage of either of these procedures that I have suggested. Many of them will probably be persons who are dodging the tax any-

way, and in regard to those people I have no sympathy. In such cases, the deduction of tax at source ought to be imposed very strictly, and I have no objection to it.

Therefore, to sum up briefly, in the affidavit the words "to the best of my knowledge and belief" should be included so that one will not be liable to deduction of tax when one has no income liable to tax at the time of submitting the affidavit. Secondly, when a certificate is produced from the income-tax officer by those who are already assesseees that they are assesseees and are being taxed, those cases too ought to be exempted from the deduction of tax provision.

I would like to end with this observation that the amendments which the Finance Minister proposes to make are so admirable that I would not like to press any of my amendments and I would, with the permission of the House, withdraw them.

श्री कंबर लाल गुप्त : मैं माननीय वित्त मन्त्री जी को जो रिक्लीफ उन्होंने कल दिया है उसके लिए बघाई देना चाहता हूँ। यह बघाई मैं अपनी तरफ से तथा बाकी सब की तरफ से भी देना चाहता हूँ। गोल्ड कन्ट्रोल आर्डर के बाद यह खयाल था कि श्री देसाई जब एक बात एक बार सोच लेते हैं तो कोई कुछ भी कहे उसको वह मानते नहीं हैं। जो रिक्लीफ इन्होंने दिया है इसके बाद से मैं जितने भी लोगों से मिला हूँ मैं कह सकता हूँ कि यह एक जनरल इम्प्रेशन है कि अब माननीय फाइनेंस मिनिस्टर लोगों की आवाज को रिसपांड करते हैं उसकी कद्र करते हैं और इसके लिए मैं उनको बघाई देना चाहता हूँ। यह एक बहुत अच्छा लक्षण है। लेकिन जहाँ तक एस क्लाज का सम्बन्ध है मैं इसके मुलतः विरुद्ध हूँ। मैं श्री दांडेकर की इस बात से एग्री नहीं करता हूँ कि वास्तव में इस क्लाज का आघार यह है कि टैक्स इन्वेजन न हो। मैं मानता हूँ कि इन्वेजन नहीं होना चाहिए। मैं यह भी मानता हूँ कि हमारे यहाँ इन्वेजन बहुत है और उसको रोकने की जरूरत है।

[श्री कंवर लाल गुप्त]

लेकिन मैं समझता हूँ कि इसके लिए एक्स-स्टिंग ला ही काफ़ी है और अगर उसको अच्छी तरह से लागू किया जाये तो वह इवजन् को रोकने में इफ़ेक्टिव हो सकता है।

पहले एडवांस टैक्स की पेमेंट के लिए कहा जाता है। बाद में अगर हमारा इनकम टैक्स ज्यादा होता है तो जब हम इनकम टैक्स की रिटर्न भरते हैं तो उस समय भी हमें इनकम टैक्स देना होता है। अगर उसके बाद भी कोई कसर रह जाये तो प्रोविजनल एसेसमेंट का भी स्कोप है। अगर इतनी पावर्ज के बाद भी इवजन् होता है तो सरकार के पास पिनेल्टी की क्लॉजिज़ हैं—वह किसी को भी कैद में रख सकती हैं। सरकार इतनी पावर्ज के होते हुए भी और पावर्ज क्यों लेना चाहती है यह मेरी समझ में नहीं आता है। एक तरफ़ तो फ़िनांस मिनिस्टर साहब इनकम टैक्स ला का सिम्प्लीफ़िकेशन करना चाहते हैं और दूसरी तरफ़ वह कानूनों का एक जंगल खड़ा कर देना चाहते हैं। मैं समझता हूँ कि ज्यादा कानून बनाने से इवजन् नहीं रहेगा।

ज़रूरत तो इस बात की है कि सरकार अपनी मशीनरी को टाइटन करे। मेरा ख्याल है कि सरकार अपनी मशीनरी की इनफ़िशेंसी को छिपाने के लिए यह प्राविजन लाई है। मैं बताना चाहता हूँ कि अभी भी हम इनकम टैक्स डिपार्टमेंट को डीटैल्ज दे देते हैं कि चार सौ रुपये से ज्यादा खर्चा किस किस चीज़ पर हुआ किस किस को इन्ट्रस्ट दिया। अगर उन डीटैल्ज का प्रापर रेफ़रेंस कर दिया जाये तो इस प्राविजन की कोई ज़रूरत नहीं है। लेकिन होता यह है कि इनकम टैक्स डिपार्टमेंट डीटैल्ज तो ले लेता है लेकिन यह देखने के लिए कोई मशीनरी नहीं है कि वे डीटैल्ज आगे रेफ़र की जाती है या नहीं। 99 परसेंट वे रेफ़र नहीं की जाती हैं। डिपार्टमेंट को इस एनफ़िशेंसी को छिपाने के लिए यह प्राविजन लाया गया है।

एक कमीशन की रिपोर्ट पर इनकम टैक्स ला में यह एमेंडमेंट की गई कि जो स्पेकुलेशन लास होगा वह स्पेकुलेशन प्राफ़िट के एगेंस्ट ही एडजस्ट हो सकता है क्योंकि लोगों ने बोगस प्राफ़िट को स्वीकुलेशन के साथ एडजस्ट करना शुरू कर दिया था। यह जो डीडक्शन एटपोर्स का प्राविजन रखा गया है उससे भी यही होगा कि फ़र्ज कीजिए मैंने किसी से ब्याज का पैसा लेना है उसने उस ब्याज पर इनकम टैक्स को काट लिया और मैंने उसका सर्टिफ़िकेट ले लिया कि उसने ब्याज पर के इनकम टैक्स को काट लिया है। फ़र्ज कीजिए कि उसने दस हजार रुपये काट लिया। मैंने दस हजार रुपये का इनकम टैक्स का रिलीफ़ ले लिया लेकिन यह मेरी जिम्मेदारी नहीं है कि उस व्यक्ति ने वह रकम काटने के बाद क्या किया। इस तरह कई बोगस फ़र्ज बन जायेंगी और फ़ायदा उठायेंगी।

मैं आपको उदाहरण देना चाहता हूँ कि इन्टर-स्टेट सेल्ज टैक्स के मामले में दिल्ली में कई सी बोगस फ़र्ज बनीं और करीब चालीस पचास लाख रुपये का नुकसान हुआ। उन बोगस फ़र्ज का आज तक पता नहीं चला है। व सेल्ज टैक्स खाती हैं और सर्टिफ़िकेट्स इश्यु कर देता है। इस तरह की कार्यवाहियां अब भी चो जायेंगी।

इस लिये मैं चाहता हूँ कि वित्त मन्त्री महोदय इस पर विचार करें और जहाँ तक हो सके इस प्राविजन को मूलतः खत्म कर दें। सरकार के पास इस वक्त जो ला है वह काफ़ी मजबूत है। जो लोग वास्तव में पकड़े जाने चाहिए उनको वह पकड़ सकता है। सरकार को अपनी मशीनरी को टाइटन करने की ज़रूरत है। अगर वह अपनी मशीनरी को टाइटन नहीं करती है तो अनडिज़ायरेबल एलिमेंट्स इस प्राविजन का नाज़ायज़ फ़ायदा उठायेंगे और वित्त मन्त्री को एक्सीपीरियंस के बाद पता चलेगा कि इससे कोई लाभ नहीं हुआ है बल्कि नुकसान ही हुआ है।

**Shri Beni Shankar Sharma:** Mr. Deputy-Speaker, Sir, my amendment stands at number six and, I think, I should have been given the first opportunity. Anyway, I take this opportunity for congratulating our Finance Minister for the great understanding displayed by him in taking away from the purview of this section the payment on account of brokerage, commission and professional fees. I share his anxiety, so far as interest is concerned, and I can appreciate that so far as interest is concerned, some blackmarket operations pass through these interest accounts and, naturally, I would support him if he wants to keep all this in this Clause. But I fail to understand why he should not give the same treatment which is already given to the existing assessees—to those persons also who are on the G.I.R. of the Income-Tax Department. By the first proviso he has given exemption to those persons who are not assessees provided they give an affidavit in the prescribed manner. I would request him to extend this principle to those persons who are not on the G.I.R. of the Income-Tax Department. My amendment seeks to have that.

I think, this Clause is not going to be used as a machinery for simply tightening the collection measures. As I heard the other day the Finance Minister speaking that this is meant to check black-market operations, as I said, I share his anxiety for that. But in trying to check black-market operations, no unnecessary harassment should be caused to the existing assessees who do not deserve it. My amendment seeks to remove that harassment also.

**Shri S. S. Kothari:** It is rather a rare occasion indeed, when an Opposition Member rises to appreciate an action of a Minister. Mr. Morarji Desai's action in withdrawing the deduction of tax at source from professional fees and commission and brokerage has been appreciated by a large number of people, particularly in the

commercial and professional circles. I also represent Chartered Accountants; they have also appreciated it and would like to thank the hon. Finance Minister for that.

With regard to interest, I submit that the measure is there and, since he is going to retain it, I think, it is necessary that the machinery is tightened to ensure that what is deducted at source reaches the hands of the Government. It is not going to be an easy task, because in the rural areas considerable amount of interest is paid and there are the money-lenders who charge fantastic rates of interest even from poor cultivators. That should stop some day by law or by convention or by something else.

**An Hon. Member:** That is not going to be stopped.

**Shri S. S. Kothari:** The main point is that wherever tax is deducted at source, it must reach the hands of the Government. That must be ensured. There have been cases where, even with regard to salaries, tax deducted at source, it not paid in time to the Government. There are cases, where sometimes for years the money is not paid and the Department is not able to trace out or follow up the cases, because deductions are made, in large numbers, and this is going to add to the number of such deductions, because of this deduction at source from interest. It must be ensured that the money reaches the hands of the Government.

I wish to withdraw my amendments.

**Shri D. N. Patodia (Jalore):** I want to oppose this clause as a whole. Before I proceed, I join my colleagues in expressing my warm appreciation for withdrawing the deduction of tax at source from commission, brokerage and profession fees. Having withdrawn this and having amended the clause in respect of interest also by which deduction in respect of companies will be at the rate of 20 per cent and in respect of individuals at



[Shri D. N. Patodia].

the rate of 10 per cent, I hardly see any point in retaining it.

Now, when the interest is paid to the company, it goes without saying that those companies are regular assesses and, therefore, any such payment is automatically covered in the form of payment of taxation by the company. Then, in respect of individuals, since the deduction will apply only when the payment of interest exceeds Rs. 400, it can easily be understood that whenever one single item of Rs. 400 is paid to one individual, that individual in most of the cases is likely to be the assessee again. Therefore, looking at the total payment of the interest to such persons who are not regular assesses, which is going to be in any case very insignificant, I believe that the administrative burden on the one hand and the difficulties which the payers and the receivers of the interest will have on the other hand, do not justify this particular clause to be retained any further. In any case it will again, to a certain extent, discourage the deposits into the bank because everybody would be conscious that whenever interest is received, the tax will be deducted. Therefore, in view of the very insignificant part which will be played in the form of collection of tax by this measure, I suggest that this particular measure may be withdrawn.

Shri Morarji Desai: I am very thankful to my hon. friends for thinking that I have improved. But I am quite sure that sometimes when I am not able to accept their suggestion, they will again say that I have not improved. That is also possible. When a measure like the Gold Control Order was brought in, I could not accept what was said because of the interest of the country. It was not a question of myself and I consider that it is a great calamity that that Order was not allowed to be worked

as it should have been worked for the economy of the country. Still one has to go by the views of the people in a democracy and one accepts it. But one does not accept it voluntarily to let the floodgates loose and allow everything to go. At least that is not the position in which I have to work. If I am in a responsible position where I have to work, I have got to take also the censure from my hon. friends if it is necessary in the interest of the country. It does not matter if I pass out, but the country will benefit. That is how I look at it.

In this particular matter, one hon. Member has opposed the clause totally because he does not want even interest to be concerned in the tax being deducted at source. I cannot understand that. I do not understand why deduction at source is going to be harmful and irksome to anybody. Deduction of tax from dividends, even of Rs. 5, is done and that is not found irksome by anybody. Nobody has objected to that so far. There also we have said that those who are not paying income-tax should inform the people and it will not be deducted. That is the system that I have introduced and I want to see that that is properly implemented.

In this particular matter, the objection raised by my hon. friend, Mr. Dandekar, is, in my view, very technical and yet, I would like to see that no income-tax officer harasses somebody because there has been even a technical breach. I can, therefore, accept an amendment here of either "at an estimated total income" or even I would say, "to the best of his knowledge and belief". I am prepared to accept either of the two. But I would prefer "at an estimated total income" to the other thing because that would be much better. I am prepared to accept it and I would move that amendment at the relevant place. Therefore, that is taken care of. The question of the

assessee is different. There are many assesseees who do not give a proper return and it is in order to see that those people are caught and prosecuted and punished very heavily—which is the next measure which I am contemplating—that such a return is necessary. Unless one takes to some strong measures which will bring not fear of God but fear of Government into the minds of those people who want to break the law, it will not be possible to get the law implemented by everybody in the country especially in fiscal matters and, therefore, one thinks that this is necessary. If by experience it is found that it is not necessary one can certainly remove it, and I have no hesitation in doing it at any time.

At present, the law provides for this already. In section 133(4) of the Act it is already provided that an Income-tax officer can require any assessee to furnish a statement of the names and addresses of persons to whom he has paid in any previous year rent, interest or commission or royalty or brokerage or any annuity, not being any annuity taxable under the head 'Salaries' amounting to more than Rs. 400 together with particulars of all such payments made. So, that provision is already there. Therefore, it is not going to be an additional hardship. The form also provides for it. Deduction is no great hardship to anybody. This has got to be done by all banks and companies. If they deduct also it will mean the same thing; there is not much extra labour in this. When advance tax is paid, the assessee can take into account what will be deducted; that percentage is given and he can deduct that from his advance payment so that there is no question of any double payment at any time. The accrual of interest is known to everybody. It is not going to be a windfall to anybody. He knows where he has invested and what interest he is going to get. He also knows how much will be deducted. Therefore, in advance payment also there is not going to be any

difficulty. It is with a view to finding out ways and methods whereby one can detect unaccounted-for-moneys that this has been brought in. We have got to exercise our brains to the best extent possible. Of course, those other people will exercise their brains to see how best to avoid it. This see-saw puzzle always goes on in society and yet Government have got to function to the best of their capacity and ability. Therefore, I consider that this provision is necessary and it will help Government in getting over the charge which my hon. friend Shri Indrajit Gupta makes namely that we do not want to find out unaccounted-for-income or evasion of taxes. It is very wrong when he says that. If he wants to call me names certainly he can always do so, but not in this matter. We are very particular to see that we more effectively detect these things and that is why we are taking several steps. I am also thinking of several ways and means by which the tax could be assessed and levied in such a manner that it would not be possible to evade it and yet it would become so simple that anybody can fill in the form. Of course, that will go against the interest of some professional people.

**Shri S. S. Kothari:** We do not mind.

**Shri Morarji Desai:** but they will find other stratagems to see that they are required and that is all that will happen. But we shall have to provide for many of these things and constantly do this exercise to see that the law is abided by all the people. That is why I cannot accept the total opposition of the hon. Member who has opposed it.

**Shri N. Dandekar:** I seek leave of the House to withdraw my amendments.

**Shri B. S. Sharma:** I seek leave of the House to withdraw my amendment.

**Mr. Deputy-Speaker:** Have the hon. Members leave of the House to withdraw their respective amendments.

**Several hon. Members:** Yes.

Amendments Nos. 6 and 37 to 43 were,  
by leave, withdrawn.

16 hrs.

**Mr. Deputy-Speaker:** In one of the Government amendments, No. 159, there is a slight change to be made, that is, in 194A (1) (b) instead of 'declaring that his total income assessable. . .', it should be declaring that his estimated total income assessable'.

I shall now put this amendment as corrected as well as Government amendment No. 160 to the vote of the House.

The question is:

(i) Page 24, for lines 6 to 33, substitute—

"194A. *Interest other than Interest on Securities:* (1) Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of interest other than income chargeable under the head "Interest on Securities", shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force:

Provided that no such deduction shall be made in a case where the person (not being a company or a registered firm) entitled to receive such income furnishes to the person responsible for making the payment—

(a) an affidavit, or

(b) a statement in writing, declaring that his estimated total income assessable for the assessment year next following the financial year in which the income is credited or paid will be less than the minimum liable to income-tax.

(2) The statement in writing referred to in sub-section (1) shall also contain such other particulars as may be prescribed, be verified in the prescribed manner, be signed in the presence of a Gazetted Officer of the Central or a State Government and bear an attestation by such Officer to the effect that the person who has signed the statement is known to him.

(3) The provisions of sub-section (1) shall not apply—

(i) where the incomes credited or paid at any one time does not exceed four hundred rupees;

(ii) to such income credited or paid before the 1st day of October, 1967;

(iii) to such income credited or paid to—

(a) any banking company to which the Banking Regulation Act, 1949, applies, or any co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank), or

(b) any financial corporation established by or under a Central, State or Provincial Act, or

(c) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 or

(d) the Unit Trust of India established under the Unit Trust of India Act, 1963, or

(e) any company or co-operative society carrying on the business of insurance, or

(f) such other institution, association or body which the Central Government may, for reasons to be recorded in writing, notify in this behalf in the Official Gazette.

**Explanation.**—In this section, "Gazetted Officer" includes a

Tehsildar or a Mamlatdar of a Taluka or Tehsil or any other officer performing functions similar to those of a Tehsildar or Mamlatdar". (159 as modified)".

(ii) Page 26, for line 23, substitute—

"has furnished to him an affidavit or a statement under the proviso". (160)

*The motion was adopted.*

**Mr. Deputy-Speaker:** I shall now put amendment No. 178 to the vote of the House.

*Amendment No. 178 was put and negatived.*

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

"That clause 30, as amended, stand part of the Bill".

*The motion was adopted.*

*Clause 30, as amended, was added to the Bill.*

*Clauses 31 and 32 were added to the Bill.*

**Clause 33—**(*Certain amendments to Income-tax Act to take effect from 1st April, 1968*).

**Shri N. Dandekar:** I beg to move\*:

Page 27, line 1, after "Third Schedule" insert—

"with the exception of Item 22 thereof". (44)

This is a very small thing. It is concerned with the clause which says that the amendments to the Income Tax Act directed in the Third Schedule shall be made in the Income Tax Act with effect from the 1st day of April 1968, that is to say, prospectively. I think one of these amendments ought not to be made prospective but immediate, that is, item 22 of the

Third Schedule at page 92 which is concerned with reducing the age limit from 70 years to 60 years. Then there are one or two other minor things connected with the annuity deposit scheme. I submit this annuity deposit scheme is so vicious that any relief that is intended ought to be immediate and not prospective. Therefore, I have suggested an amendment to clause 33 which, with the amendment, would read:

"The amendments directed in the Third Schedule with the exception of Item 22 thereof shall be made in the Income-tax Act with effect from the 1st day of April, 1968".

with the result that the overriding clause, which is sub-clause (2) of section 1 will apply—'save. . . . shall come into force from the 1st April, 1967".

In other words, item 22, I submit, should come into effect from 1st April, 1967. It is connected with the annuity deposit scheme.

**Shri Morarji Desai:** The annual deposits in relation to incomes which are liable to tax for the current assessment year 1967-68 were to be made during the past financial year. They have already done it.

**Shri N. Dandekar:** This year I shall have to make a deposit for the next financial year and I cannot be governed by the law of next year. If I have got to make advance deposit in relation to the assessment year 1968-69, the law of this year applies.

**Shri Morarji Desai:** Now we have made it prospective; therefore 1968-69 will apply.

**Shri N. Dandekar:** When it comes to determining whether I have made a proper deposit, the later law applies; but when it comes to whether I should or should not make a deposit, how much deposit, it is the law of today which applies, because it is advance payment of deposit.

\*Moved with the recommendation of the President.

**Shri Morarji Desai:** The only difficulty is that if this is done, those who have defaulted last year will escape, I will not be able to punish them. There is a penalty charge for those who have not done it, and if I accept this, then they will escape, that is all that will happen.

**Shri N. Dandeker:** They won't either, they will be assessed this year in relation to this year's laws. Last year if they did not make the annual deposit, they will be assessable this year, except of course for age, if my amendment is accepted; otherwise, they will be assessed in relation to the law as of this year as amended by item 22, they as well as others who have got to make annual deposits in advance. I cannot make an annuity deposit in advance this year in relation a law that does not exist at all, I make it in relation to a law as it is this year.

**Shri Morarji Desai:** I think we can consider it in the schedule itself if it is necessary, or by a notification we can do it, but I would not like to make any change whereby some people will escape penalty. We will do it by a notification if it comes to that.

**Shri N. Dandeker:** So long as you are sympathetic to the thought, it is all right. I do not press.

**Mr. Deputy-Speaker:** Has he the permission of the House to withdraw his amendment 44?

**Hon. Members:** Yes.

*Amendment No. 44 was, by leave, withdrawn.*

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

"That clause 33 stand part of the Bill."

*The motion was adopted.*

*Clause 33 was added to the Bill.*

**Clause 24—**(Amendment of Act 27 of 1957).

**Shri Indrajit Gupta:** I beg to move:\*

Page 28, omit lines 4 to 28. (181)

**Mr. Deputy-Speaker:** I put the amendment to the vote of the House.

*Amendment No. 181 was put and negatived.*

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

"That clause 34 stand part of the Bill."

*The motion was adopted.*

*Clause 34 was added to the Bill.*

**Clause 35—**(Amendment of Act 18 of 1958).

**Shri Indrajit Gupta:** I beg to move:\*

Page 31, omit lines 7 to 31. (182).

**Mr. Deputy-Speaker:** I am putting the amendment to the House.

*Amendment No. 182 was put and negatived.*

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

"That clause 35 stand part of the Bill."

*The motion was adopted.*

*Clause 35 was added to the Bill.*

**Clause 36—**(Amendment of Act 7 of 1964)

**Shri Morarji Desai:** I beg to move:\*

Page 34, after line 21, insert—

'(c) in the First Schedule, in rule 1,—

(i) clause (v) shall be omitted with effect from the 1st day of April, 1968;

(ii) for clause (vii), the following clause shall be substituted with effect from the 1st day of April, 1968, namely:—

“(vii) an amount equal to fifty per cent. of the sum with reference to which a deduction is allowable to the company under the provisions of section 80G of the Income-tax Act;” (161)

**Shri S. S. Kothari:** I rise to oppose clause 36, not on account of what this clause proposes but on a very important point, that is the basic tenets of this, shall we say, retrograde and obnoxious tax, namely, companies profits surtax. There is a basic contradiction between the principle underlying this tax and the principle underlying the so-called tax credit schemes to which the Finance Minister has resorted to give relief to the aluminium industry. That is a welcome thing. But I would describe it as a kind of uneasy co-existence. These two things are contradictory. A company increases its profits. What happens? The company is penalised more and more. It is a deterrent to efficiency, to higher profits and it is an invitation to tax evasion. If it shows more profits, it has to pay tax at a higher rate.

**Shri Indrajit Gupta:** Should they pay less then?

**Shri S. S. Kothari:** I am pointing out the contradiction between two schemes. What is the object of the tax credit schemes for aluminium or any other industry which is granted tax credit certificates, if it makes more profits. It is to give tax relief. I do not know how these two things can co-exist in the same law. It means that there is some sort of confusion in the thinking of the Government. This tax must be dropped, as this is an invitation to evasion and it penalises efficiency and Profits. Profits are the siveus of growth; they lead to greater expansion.

The maximum limit to taxation at present is 70 per cent here. In other countries, it is far less. It should be

reduced to sixty per cent and made applicable to all companies, public and private. In the case of private companies, the tax may go even to 75 or 80 per cent. The Finance Minister expects them all to be good and honest people, who must pay all their taxes fully. I do not have any brief for those who evade tax; you may put them in jail, but make your tax structure acceptable to society. Let society stand up and say: this tax structure is reasonable, just and equitable; we must all obey the law and we must follow it correctly. I have no objection at all to punishing the evaders, but make it reasonable and just taxation. In view of the inherent contradiction, to which I had already drawn the attention of the hon. Minister, I say that the surtax on company profits must go completely. Secondly, the limits must be reduced. These are the two points which I wanted to emphasize.

After having said what I had to say, I withdraw my opposition to the clause.

**Mr. Deputy-Speaker:** The hon. Finance Minister.

**Shri Morarji Desai:** He has withdrawn his opposition. What am I to say?

**Shri S. S. Kothari:** To the basic tenets, I am still opposed.

**Mr. Deputy-Speaker:** I shall put amendment No. 161 to the vote of the House. It is government amendment. The question is.

Page 34, after line 21, insert—

“(c) in the First Schedule, in rule 1,—

- (i) clause (v) shall be omitted with effect from the 1st day of April, 1968;
- (ii) for clause (vii), the following clause shall be substituted with effect from the 1st day of April, 1968, namely:—

“(vii) an amount equal to fifty per cent. of the sum with reference to which a deduction is allowable to the com-

pany under the provisions of section 80G of the Income-tax Act," (141)

*The motion was adopted.*

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

"That clause 36, as amended, stand part of the Bill."

*The motion was adopted.*

Clause 36, as amended, was added to the Bill.

Clauses 37, 38 and 39 were added to the Bill.

Clause 40—(Amendment of Act 1 of 1944)

**Mr. Deputy-Speaker:** We take up clause 40 now.

**Shri Pūrajit Gupta:** Sir, I am not moving amendment No. 184. Here, please allow me to just congratulate the Finance Minister on withdrawing the duty on cigars, because I smoke cigars. I move:\*

Page 36,—

Omit lines 6 and 7. (183).

Page 37,—

Omit lines 1 to 4. (185).

**Dr. Ranen Sen:** I move:\*

Page 37, line 27,—

Omit "Item Nos. 2, 3(i)," (186).

**Shri Lobo Prabhu (Udipi):** I move\* all my amendments:

Page 36,—

Omit lines 6 and 7. (238).

Page 36,—

Omit lines 14 to 16. (239).

Page 36,—

Omit lines 17 and 18. (240).

Page 36,—

Omit lines 36 and 37. (241).

**Mr. Deputy-Speaker:** Amendment No. 242 is the same as 185.

**Shri Beni Shanker Sharma:** I move:\*

Page 37,—

Omit lines 5 to 9. (243).

**Shri Lobo Prabhu:** I move:\*

Page 37,—

Omit lines 10 to 15. (244)

**Mr. Deputy-Speaker:** Amendment Nos. 266 and 267 of Shri Kothari are the same as amendment Nos. 238 and 239 already moved.

**Shri S. S. Kothari:** Sir, I move:\*

Page 36,—

Omit lines 19 and 20. (268)

Page 37,—

Omit lines 1 to 4. (269)

Page 37,—

Omit lines 5 to 9. (270)

**Mr. Deputy-Speaker:** All the amendments under clause 40, which are not overlapping, have been moved.

**Dr. Ranen Sen (Barasat):** Amendment Nos. 183, 185 and 186 are common to many of my hon. friends, and all these amendments relate to the chapter on indirect taxes. Already we have shown, and the hon. Finance Minister has also admitted, that though the direct taxes have increased, the volume of increase in the indirect taxes is much more than the direct taxes. Even now, today, for this year, the Finance Minister has proposed to increase the tax on coffee, tea, cigarettes—I am a cigarette smoker, and my friend Shri Indrajit Gupta is a cigar smoker and so he should be happy—cotton yarn and twists above 29 counts, and the net result is that the consumer goods' price is going higher, and the industrialists and the businessmen, particularly the big businessmen, take advantage of these taxes and increase the prices over and above what is taxed. Therefore, we oppose this sort of increase in indirect taxes.

\*Moved with the recommendation of the President.

Yesterday, Shri Morarji Desai asked us a question: if indirect taxes are not levied, how can the State get revenue and how can the State be run. He quite irrelevantly introduced a point about tax structure in the USSR. Since then, I was looking into some of the figures. Mr. Morarji Desai should know it; it is no good that the Finance Minister of India should be ignorant of a certain thing which he has referred to in his speeches. He said that the indirect taxes in U.S.S.R. also are growing, and they derive their main income from indirect taxes. I beg to submit that the main revenues of U.S.S.R. are derived from the socialised sector, from socialised industries.

**Shri Morarji Desai:** That is also indirect tax.

**Dr. Ranen Sen:** Here the direct taxes are more or less derived from the salaried employees. The other day he said, out of Rs. 1 lakh Rs. 92,000 is taxed. The people in the lower rung who are salaried are made to pay through their nose the direct taxes. The people in the upper rung go scot-free and we never catch them in spite of our best efforts. Therefore, it is no good stating certain irrelevant matters and trying to justify the indirect taxes. We are definitely opposed to any increase in indirect taxes on any consumer goods. He has taxed coffee and tea. Everybody knows that the whole of south India drinks coffee and the whole of north India, central India, eastern India and western India drink tea and smoke cigarettes. In the village restaurants, people drink tea and coffee. From them he wants to realise quite a large sum. In our amendments, therefore, we have asked for the abolition of the indirect taxes on these items. As I said earlier, every year four or five commodities are chosen and indirect taxes are imposed on them. Next year another category of articles are chosen and taxes are imposed. We

are totally opposed to such taxes and hence we have moved our amendments.

**Shri Lobo Prabhu (Udipi):** I would like to deal with all my amendments together relating to increase duties on tea, coffee, motor spirit, petroleum products, rayon, yarn for handloom and aluminium. Even though the Finance Minister has shown himself so amenable to reasonable suggestions, I am not anticipating this relief on my own arguments. I am anticipating it on his arguments. He has laid down two general criteria for his taxation and three specific ones for these new increases. The two general criteria are there should be no inflation and that recession should be arrested. In respect of the first criterion, I would refer him to the rise which has taken place since his budget was introduced on 26th May. At that time, the *Economic Times* index of prices for general articles was 197 and at present it is 206.9 points have increased in the course of 7 weeks. I would like to bring it to his attention that such a steep increase has never taken place before, even though our country has been used to inflation. It is for him to explain if there are any factors other than his budget, which are responsible for this increase. If he says that there is a diminishing prospect in respect of food due to the Suez Canal closure, the recent rains would have corrected that prospect. Therefore, there remains one single factor, namely, his budget which has imposed a total of Rs. 115 crores of new taxes, out of which he has announced concessions to the extent of Rs. 16 crores.

Therefore, if he cares to keep the economy on at least the same level of inflation he has to think of giving up these taxes. One may enquire how this increase in prices takes place from taxes. It will not be denied that the tax is added to the price and that particular item increases the total of the particular



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consumption pattern. That will not be denied. What has not been noticed, but what is equally important, is that the increase following from these items is generalised, it proceeds on as it were a capillary action to all other items. For instance, the man who has to pay more for his tea or shoes or utensils will just say why should not he put up the price for milk that he is selling, why he should not increase the price for his labour. So to that extent the tax increase, for this small amount which the Finance Minister imposes, goes to the prices of all articles. It is a wasteful process, and I would like the Finance Minister to examine if this does not happen, by examination of the actual increases that take place in the prices of all these commodities.

Along with that, there is a certain fall in demand. I have mentioned that high prices are general, so is this fall in demand general. Here in Delhi, at the super market, after the budget was imposed there was a reduction in demand for various items rising from 6 to 20 per cent. The taxes, therefore, are to that extent very hard on the people in the sense that they who are consuming so little are made to consume less. Therefore, the Finance Minister has to take note that if he wants freezes, freeze on wages, freeze on prices and freeze on profits, he must begin with a freeze on taxes. It is idle to talk about the responsibility of others, it is idle to call for the sacrifices of others, when the Finance Minister goes on gaily increasing the taxes and daily adding to the prices.

His second argument about recession is again contradicted by the position which has arisen after his budget was announced. One would have expected that with the concessions to industry, which he made so much of, the industry would respond, that the share prices would

rise and that the share market would show a new brightness. The position is very much the reverse. Today, daily factories are closing, daily thousands of workers are being rendered unemployed. Who is to blame? It is for the Finance Minister to say here and now if there is any other factor except his budget which during the last seven weeks has been responsible for this decline in industrial production. His anxiety to reduce recession comes to only lipservice when he does not take note of the fact that the addition through tax to the price means reduction in industrial production, reduction in the articles available to the common man.

I am now coming to his specific objectives or specific reasons for the taxes he has imposed. The first reason he has given is that exports should be encouraged by increase on internal prices. This particular line of thought does not appear to have been followed far enough. If internal prices rise, and they have done as they should do, the export must decline. This is fundamental fact, a very simple fact also, which had been completely ignored. The fact that during the period of 8 weeks, these fatal 8 weeks since the budget was resented, the prices have arisen, the food prices have risen by 21 points according to the index of the *Economic Times* a fact which could be verified at once, is evidence that on the one hand the internal market and the common people suffer and on the other, the export market, about which so much anxiety is professed, is going down every day. If there are any figures to show that during the last 8 weeks our export market has not declined, those figures may be made available to us.

Of course, the reason for the decline of the export market is a very old one, and I spoke about it when I participated in the budget discussion last time, and that is devaluation. When I placed this fact before the

House while speaking on the budget last time, the Finance Minister in his very suave but, at the same time, curt way dismissed the suggestion for revaluation in place of devaluation saying that this cannot be done because of our commitment to the world Bank.

Subsequently, I had occasion to put a short notice question, pointing out to him that the par value of our money can be changed at any time, if there is a fundamental disequilibrium. Now, this is a point which he might answer now, because at that time his very brief and rather curt and almost unkind way of dismissing my suggestion of revaluation by saying that it would not be possible on account of our agreement with the world Bank is not right. We have the right at any time to change the par value of the currency. When devaluation has put our internal prices up by almost 30 points, when devaluation has cut down our exports, when this devaluation had made it impossible for us to industrialise ourselves, when it involves a 57.5 per cent increase in import cost, there is every reason for us to plead that there is fundamental disequilibrium and that devaluation must be done away with and that there should be revaluation of some sort.

So, this argument that by increasing the prices on tea, coffee, shoes and other items we will have more for exports does not hold at all. It has not been applied to its logical conclusion, the conclusion arising from the fact that any rise in prices cuts down the export market.

The second argument of the Finance Minister is that certain items are not of social value or that they are socially undesirable. I will not contest his idea in respect of cigarettes being socially undesirable.

**Shri Indrajit Gupta:** But he does not consider cigars undesirable.

**Shri Vasudevan Nair (Peermade):** That shows that he is inconsistent.

**Shri Lobo Prabhu:** The idea of anything being socially undesirable is a personal one. If a country has a certain habit, it is not for anyone, because his habits are different, to describe that habit as undesirable; because, we are a free people. In any case, most of the items described by him as socially undesirable may be so in a limited sense to people with a certain ideology, but they are not so or the majority of the people. Then, I need not remind all of you that in a democracy it is not a government or a few people and for a few ideas; but it is a government for all the people, to live according to their tastes, according to their desires and ideas. So, while his objection in respect of cigarettes and tobacco may be based on medical opinion and I would not like to press my demand, I certainly press that in respect of all the others.

Now we come to the other argument that excess profits must be mopped up and that, if they are not mopped up, certain items tend to add to the inflationary level. This is a very good idea, no doubt, but with all the mechanics of income-tax, with all progressive taxation, is it necessary to mop up excess profits in this very crude manner of putting an excise duty? That is a point which is very important.

In so far as handlooms, rayons and aluminium are concerned the Minister has offered some slight reliefs for these items but these reliefs will probably do more harm than good. We have already had the experience of relief which has been allowed to a reserved portion of cloth meant for the common people. Has it reduced the price of cloth? The price of cloth has, in fact, increased because some relief was given to that category. Producers make good on the other items which are not controlled and which are not taxed specially. The price level, I may remind the Finance Ministry, is an integrated one and this increase in the superior untaxed varieties travels to the whole

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lot and leads, on the one hand, to price rises even for the poor and, on the other, to a lot of evasion.

The Finance Minister was very jubilant yesterday pointing out that the quantity of shoes which will be exempted from his order added up to 87 per cent or so. I do not know what particular variety of shoes he had in view which cost less than Rs. 5/- and which is 87 per cent of the total.

**Shri Ranga (Srikakulam):** Chappals.

**Shri Lobo Prabhu:** But he may notice that in the way of that evasion, through those 87 per cent, lots more evasion, will take place than the tax he is hoping to get on the remaining 13 per cent.

So, my plea in respect of these clauses, which I press should be deleted, is that there should be a tax freeze. The Finance Minister has no right to talk about a wage freeze unless here and now he begins a tax freeze. Secondly, in support of my hon. friends and also of the Finance Minister I propose another freeze—call it luxury freeze—a luxury freeze, for instance, of meals.

**An hon. Member:** Cabinet freeze.

**Shri Lobo Prabhu:** That can remain. But luxury freeze is my special contribution.... (Interruption).

This luxury freeze I would like to mention in respect of two items alone. If one goes to a hotel, one pays—I have tried to ascertain it—about ten times the cost of the food, if it is a five-star hotel and in that way proportionately down to one-star hotel. In Madras an experiment has been tried or mooted that a ceiling price should be fixed for a very ordinary meal in the lowest class of hotels. I would suggest that there should be a ceiling price for all meals. Even at a five-star hotel it should not be more than Rs. 5. If you do that, you may at the same time tackle your food problem from a different direction.

Today a great deal of increase in the food prices, particularly the prices of vegetables, is due to the fact that there is indiscriminate buying from those who cater to these very highly costing meals. If the Finance Minister would kindly advise his colleague who is not here that this whole problem of food will be relieved if a ceiling is fixed on meals, something may arise.

Then, a freeze which we can achieve is on the rate of contracts. All PWD contracts—I put a question here—are continually extended. No contract is fulfilled within the time fixed in spite of the penalty clause. When the extension is given there is a new rate fixed both in respect of wages and materials, which means that Government is constantly supporting any inflation that is taking place by its own actions in a very large sector. It would be a good change if it is decided that once a contract rate is fixed it should remain there even if the contract is not taken up at once. Sooner or later, the contractor will accommodate himself to the lower material rate or to the lower wage rate.

These are my positive suggestions. What I consider a luxury freeze is very important today when we are all talking of socialism. Let us have a luxury freeze as a suggestion from the Swatantra Party.

With all these lengthy arguments, I am sorry if I have taxed the Finance Minister very much, I do hope, when he has given up already Rs. 16.35 crores, he may give up another Rs. 50 crores. That amount of Rs. 50 crores can be easily be obtained—it is only 1 per cent of the total expenditure of Government—by him by asking each of the Ministers sitting by his side to impose a cut on the expenses. I do not say wastage, in their own Departments.

16.41 hrs.

[SHRI C. K. BHATTACHARYYA in the Chair.]

श्री ए० ए० जोशी (पुना) : ममापति जी जो सदन के सामने क्लॉज 40 है और उसके अलावा भी जो कुछ चीजें हैं उनके सम्बन्ध में बोलने के लिए मैं खड़ा हुआ हूँ। मेरे पूर्व कई वक्ताओं ने यह बताया है कि यह जो प्रत्यक्ष कर होते हैं उनका बोझ गरीबों के ऊपर जाता है। गरीबों के ऊपर ज्यादा बोझ डालना आज की अवस्था में उचित नहीं है। मैं मानता हूँ कि सब अप्रत्यक्ष कर तो खराब नहीं होते लेकिन जो जीवन के लिए आवश्यक चीजें हैं उनके ऊपर टैक्स लगाना आज के जमाने में हम लोगों को पसन्द नहीं है। जब कि गरीब की हालत दिन व दिन खराब होती जा रही है। हमारे जो डिप्टी प्राइम मिनिस्टर और फाइनेंस मिनिस्टर हैं श्री मोरारजी भाई देसाई यह तो हमारे पुराने मित्र हैं और मैं खास करके इसलिए खड़ा हूँ कि आज जो कर आपने लगाने को सोचा है उसमें से कई कर ऐसे हैं जो कि नहीं लगाने चाहिए। अब यहां पर जैसे चाय का जिक्र आया उसके बारे में तो मैं कुछ नहीं कहूंगा। लेकिन खास करके कपास के धागे के ऊपर जो टैक्स लगाया गया है उसके बारे में मैं कुछ यहां कहना चाहता हूँ। मैं जानना चाहता हूँ कि आखिर यह टैक्स बढ़ाने के पीछे हमारे फाइनेंस मिनिस्टर का उद्देश्य क्या है? क्या रुपया हासिल करने के लिए उन्होंने यह टैक्स लगाया है या जो मशीनी करके पर कड़ा बनता है और करके चलाने वाले जो लोग हैं उनको बड़े बड़े मिल मालिक और बड़े यंत्रों से चलाने वाले जो कारखाने हैं उनकी अपेक्षा जो बढ़ावा मिला हुआ है उसको रोकने के लिए वह ऐसा कर रहे हैं? मुझे तो ऐसा लगता है कि जो बड़े-बड़े मिल मालिक हैं जो शहरों में अपना उद्योग चलाते हैं वह इन करों और यंत्र के जरिए चलाने वाले करों का जिन पर कि आज टैक्स लगाया गया है और जिन पर पहले टैक्स नहीं था उन का कम्पीटीशन वह फेस नहीं कर सकते हैं इसलिए यह दबाव हमारे मंत्री महोदय के या ठूकूमत के ऊपर आया

हुआ है और अगर उस दबाव के तले यह टैक्स प्रोमोडल आया है तो मैं समझता हूँ कि यह एक प्रतिक्रियावादी चीज हो रही है। प्रतिक्रियावादी में इस लिए कहूंगा कि यह सिर्फ रुपये वैसे इकट्ठा करने का सबाल नहीं है। जब हमने योजना बनाई है तो यह सिर्फ आर्थिक योजना नहीं है बल्कि अपने मूलक की समाज व्यवस्था कैसे हो उसकी भी योजना है और मशीनी करघों को भी रियायत या सुविधा मिली है वह इसलिए दी गई है कि बड़े शहरों में मजदूर जाते हैं वहां उनके रहने के लिए घर नहीं होते हैं और वहां बड़े बड़े मालिकों की तरफ से उनका शोषण होता है इससे बहुततर होगा कि छोटे छोटे शहरों में या देहातो में अगर यह काम चलेगा तो देहाती लोगों को फायदा होगा। आज सुबह को यहां एक माननीय सदस्य ने यह कहा था कि शहरों की तरफ से देहातों का, ग्रामों का शोषण हो रहा है। अब यह जो शोषण होता है उसको रोकने के लिए जिसको अंग्रेजी में लोकेशन प्लानिंग बोलते हैं वह करने के लिए मशीनी करघों को रियायत दी है। लेकिन अगर हम उनको एक ही स्तर पर लाना चाहें तो उसका नतीजा यह होगा कि बड़े बड़े कारखाने शहरों में बढ़ते जायेंगे और आज जो मशीनी करके देश में चल रहे हैं वह करके बन्द हो जायेंगे जिससे लाखों लोग बेकार हो जायेंगे। यहां इनकी ही जो कमेटी बनी थी उसके कहने के अनुसार 70-72 हजार करके चलते हैं जो कि एथोराइज्ड हैं और ऐसे अनएथोराइज्ड देखेंगे तो पता नहीं कितने हैं। लेकिन लोगों का कहना है कि एक लाख के ऊपर करके चलते हैं। कल यहां पर एक तर्क चला था। डा० बोहिया साहब ने उस तर्क को उठाया था और उन्होंने कहा था कि जो यहां पर कैजकुलेशन हुआ है इसमें से जो पैसा मिलने का है वह कैजकुलेशन गलत है। डा० साहब का कहना था कि 60 करोड़ मिल जायेंगा और आपका कहना है कि कोई दस करोड़ के नजदीक मिल जायेंगा। 7 करोड़ 80 लाख मिल जायेंगा ऐसा कुछ है।

[श्री ए. ए. एम. जोशी]

तो यह जो टैक्स लगाया है वह देखिये कि कितना ज्यादा है ? यह जो मेमोरेडम आफ एक्सप्लेनेशन है उसमें सफा 35 पर यह दिखाया गया है कि पहले बेसिक टैक्स कितना था ? रेट आफ ड्यूटी 1 रुपया 50 पैसे था और उसके ऊपर स्पेशल जो था वह 33½ था। अब जो नया बेसिक है वह 6. 50 पैसे है और उसके ऊपर स्पेशल 33½ है। इसके मानी यह हो जायेंगे कि करीब करीब 9 रुपये यह हो जायगा। अब इसका नतीजा यह होगा कि जो लागत मशीनों करघों के कपड़े के लिए लगता है उससे बहुत कुछ बढ़ जायगी और लोगों का यह ख्याल है कि इसके कारण बंद कम्पीटीशन में जिन्दा नहीं रह सकेंगे। करघे बन्द हो जायेंगे और मजदूर जो लाखों की तादाद में हैं वह बेरोजगार हो जायेंगे। अब मुझे पता चला है कि यह जो मशीनों करघे हैं वह महाराष्ट्र और आन्ध्र में ज्यादा हैं, अगर महाराष्ट्र के लिए मैं कहूँ तो इञ्चलकर जी से 1 करोड़ 39 लाख उनको मिलेगा और इसी तरह भिबंडी से 2 करोड़ 70 लाख मिल जायगा। और दूसरे जो बम्बई में हैं उनसे 8 करोड़ करीब करीब मिल जायेगा मुझे यह पता चला कि इन लोगों के प्रतिनिधियों ने आकर जब हमारे मंत्री महोदय से अपनी बात रखी तो फौजला हुआ कि कोई एक स्टडी ग्रुप इसे स्टडी करे। वह स्टडी ग्रुप सब जगह जाकर के देखे कि इसकी लागत आखिर क्या है और जो हम लोगों ने टैक्स का रेट रखा है उससे ज्यादा आमदनी कितनी हो। उसमें एक अफसर यहां से और कुछ दूसरे लोगों का स्टडी ग्रुप चला गया और मुझे जहां तक पता है इस स्टडी ग्रुप के साथ बम्बई शहर में महाराष्ट्र के उद्योग और वाणिज्य मंत्री तथा एक महाराष्ट्र के मजदूर मंत्री और कुछ कांग्रेस के नेताओं की आपस में बैठक हो गई और बैठक में इनके खास अधिकारियों ने यहां तक कहा कि यह दस करोड़ नहीं 15 करोड़ से कम होने वाला नहीं

है। आमदनी जो होगी वह 15 करोड़ से ज्यादा हो जायगी। इसलिए मैं यह पूछ रहा हूँ मंत्री महोदय से कि सचमुच हम लोगों को यह बताइये कि आपका इसमें उद्देश्य क्या है ? आप ज्यादा रुपया चाहते हैं या जो मिल मालिक हैं जो मशीनों करघों के कम्पीटीशन को फँस नहीं कर सकते हैं उन को इन के कम्पीटीशन में लाने की कोशिश है ? मैं कहूँगा कि यह प्रतिक्रियावादी चीज हो रही है। जो छोटे छोटे कस्बे हैं जहां पर यह काम चलता है वह वहां टूट जायेंगे। तो यह नहीं होना चाहिए।

इसलिए मैं यह कहूँगा कि अगर आप को यह करना भी है तो यह देख लेना चाहिए कि लोगों की मांग क्या है ? अगर आप को साढ़े सात करोड़ रुपया चाहिए, आठ करोड़ रुपया चाहिए तो यह जो टैक्स है उसको आधा भी कर दिया जाय तो स्टडी ग्रुप के अधिकारियों के हिसाब से जो कि इस रेट से उनको 15-16 करोड़ रुपया मिलने वाला है उसका अगर आधा भी कर दिया जाय तो इनका सात करोड़ हो जाता है। वह हो सकता है। अब जो कमेटी बनी थी उस कमेटी का कहना यह था कि जो साइज्ड थान होता है उसके लिए खास एक लैबी लगानी चाहिए और जो कम्पोजिट मिले हैं उन को भी लैबी देने के लिए मजबूर किया जाये यह नहीं होता है। यह जो बोझ है वह करघों के ऊपर जायेगा और जो कस्बों में काम करने वाले हैं उन मजदूरों को बेरोजगारी आयेगी, बड़े बड़े शहर बढेंगे और हमारे जो सवाल हैं वह और भी बढ़ जायेंगे। इसलिए मैं समझता हूँ कि मंत्री जी के सामने जब कोई जायज बात रखी जाय तब उस पर उन्हें सोचना चाहिए।

दूसरी एक बात मैं यह कहूँगा कि टैक्स आप कहां पर वसूल करना चाहते हैं ? इस मामले में, टैक्स दरअसल सोर्स पर होना चाहिए। मेरा अपना ख्याल है कि अगर जहां पर वह सूत जायेगा और उसका साइजिंग होगा वहां अगर आप यह टैक्स

लगाने की कोशिश करेंगे तो उसमें घूसखोरी होगी और चोरी होगी। बम्बई में सूत मिल है उस में से सूत लेकर हम लोग चले गये, धूलिया चले गये और वहां उसका साईजिंग किया अब अगर वहां साईजिंग के बाद टैक्स लेना है तो हो सकता है कि इससे ज्यादा चोरी हो जाय। इससे बेहतर यह होगा कि जहां सूत बनता है उसी सोर्स की जगह पर यह टैक्स लगाया जाय और उससे टैक्स को वसूल करने में सुविधा होगी और भ्रष्टाचार को रोका जा सकता है। इसलिए मेरी आपसे प्रार्थना है कि यह जो काम हो रहा है यह काम मैं समझता हूँ कि जो हमारी योजना बने, समाज की जो नई स्थिति हम बनाना चाहते हैं, जो रचना करना चाहते हैं उस रचना के खिलाफ जा रहा है, प्रतिक्रियावादी हो रहा है। बड़े बड़े शहर जो राक्षसों की तरह बढ़ रहे हैं उनमें कोई आयोजन नहीं है लोगों के रहने के लिए घर नहीं हैं। बम्बई जैसे शहर नें 8-8 और 9-9 लाख बिना घर के एक, एक कमरे में 20-20 आदमी रहते हैं। कलकते में आप जानते हैं कितने लोग बस्तियों में रहते हैं और कितने फूटपाथ पर सोते हैं यह जो राक्षस बढ़ रहे हैं इनको हमें रोकना चाहिए। हमको टैक्स तो नहीं रखना चाहिए लेकिन मैं कहूंगा कि अगर कोई मालिक अपना कारखाना लेकर देहात में जाने की कोशिश करता है तो उसको पूरी सुविधा देनी चाहिए। उस पर टैक्सेशन कम करना चाहिए और जो उसके वहां ले जाने के लिए ट्रान्सपोर्ट की फैसेलिटीज़ हैं वह सब सुविधा उनको देनी चाहिए। यहां जो एक कारखाना चल रहा है देहातों में कस्बों में उसको रोकने की अगर इस टैक्स के जरिए आप कोशिश करें तो यह बड़ा पाप होगा। मैं नहीं समझता हूँ कि वह ऐसा पाप करेंगे। लेकिन हमारे मंत्री महोदय ने जो फैसला किया है उसका नतीजा यह होने वाला है। इसलिए मैं मंत्री महोदय को सचेत करना चाहता हूँ कि जो कदम आप उठा रहे हैं उस का नतीजा बहुत खराब हो जाने वाला है।

जिन लोगों ने आपके सामने प्रतिनिधित्व करके अपनी बात रखी है उनकी बात दुबारा सुनिये और उनके साथ चर्चा करके जो भी वह लोग चाहते हैं जिस के कारण वह मिलों का कम्पि-टीशन फंस कर सकें और अपने कारखाने चला सकें उसे मान लीजिये। ऐसा अगर हो सकता है तो उनको करना चाहिए। अगर वह नहीं करेंगे तो मैं समझूंगा कि गलत काम हो गया। इसलिए यह जो पूरा एच० है उसके लिए मेरा विरोध है और पुरजोर शब्दों में जितनी भी शक्ति हमारे पास है उस शक्ति को लगा कर मैं उसका विरोध करता हूँ और कहूंगा।

**Shri S. M. Banerjee (Kanpur):** I shall confine myself to amendments Nos. 183 and 185, particularly to the duty proposed on shoes.

The other day I was not present here—unfortunately, I had to be Kanpur—when the Finance Minister had said that he had statistics of shoe production in the country and he found that the price in 75 per cent of the cases was either Rs. 5 or less.

16.56 hrs.

[MR. DEPUTY-SPEAKER in the Chair].

I come from Kanpur which I believe the Finance Minister knows is famous for shoes, of good quality, medium quality and bad quality. There is the firm of Cooper Allen, one of the biggest shoe factories. There is a public sector factory also which makes army boots etc. I am glad to tell him that the largest number of shoes is exported from Kanpur. I have served in a leather factory for 16 years.

**An hon. Member:** He was a mochi.

**Shri S. M. Banerjee:** Yes, I am a mochi. आप जैसे जूते चाहेंगे मैं वैसे जूते आपको दे सकता हूँ।

He may place an order. I shall supply it, with upper sole and lower sole.

[Shri S. M. Banerjee]

Perhaps the Finance Minister has in mind those shoes which are manufactured with raw hide without tanning. They are generally supplied by some petty contractors by bluffing the DGS & D or through connivance. In these, there is no leather; it is some cardboard or something like that. Or it may be tyre shoes, the famous tyre shoes. You purchase a second-hand tyre and make 32 pairs of shoes.

I do not know what is the source of his statistics. As I said the other day, even soles are not available for Rs. 5. He said he would show me the shop or he would get me as many pairs as I could purchase. I have yet to know of any shop in Delhi or Kanpur or anywhere in India where a pair of shoes can be had for Rs. 5.

**An hon. Member:** Children's shoes.

**Shri S. M. Banerjee:** Even children's shoes cannot be had at that price.

It will be extremely improper for me to exhibit my pair of chappals which I wear now. They are of the cheapest quality. But even the price of that is Rs. 8

**Mr. Deputy-Speaker:** Resist that temptation.

**Shri S. M. Banerjee:** I have said that. These are post-election days.

The point is this. This information he has given is absolutely unbelievable. I do not know how he gave that idea.

**Shri Morarji Desai:** These were supplied by the factories themselves.

**Shri S. M. Banerjee:** I believe there are chappals made by the Khadi Udyog, Gandhian ideology chappals. Even these cannot be had for Rs. 5

**Shri Morarji Desai:** They are not factories.

**Shri S. M. Banerjee:** They cost Rs. 13 and Rs. 14.

**Shri Morarji Desai:** They are not taxed.

**Shri S. M. Banerjee:** They are hand-made, not taxed.

Batas are increasing the price. I saw a notification the other day that they are going to increase the price in India. Batas are supposed to cater for the middle and lower middle classes. Bata shoes are supposed to be the lowest priced.

**An hon. Member:** He may be referring to children's canvas shoes.

**Shri S. M. Banerjee:** Even children's canvas shoes are not available at that price. Even the Hawai chappals, made of foam rubber in Faridabad, are not available at Rs. 5.

Old Khadaons are available perhaps. I do not know whether the Deputy Prime Minister would like to rule this country like Bharat with Khadaons. It is not a question of that.

17 hrs.

**Shri N. N. Patel (Bulsar):** This is the shoe....

श्री नरु ललमये (मुंगेर) : उपाध्यक्ष महोदय, वह क्या कर रहे हैं ? यह क्या तमासा है ?

**Shri S. M. Banerjee:** This is the chappal....

**Mr. Deputy-Speaker:** That is not proper.

**Shri N. N. Patel:**... which I purchased last month. The price, which is also printed on it, is Rs. 21.25, but when I went to the shop I bought it for Rs. 14. There are shoes on which the price printed is Rs. 12.00 but which are available for Rs. 8.00

**Mr. Deputy-Speaker:** Please resume your seat. If you want to speak on this, you can reply to the hon. Member. Do not intervene in this manner and that too with the shoe in hand. This is not fair.

श्री मोलह प्रसाद (बांसगांव) : क्या माननीय सदस्य जूते का काम करते हैं ?

श्री अर्जुन सिंह बदीरिया (इटावा) : यह जूता दिखलाने की कारवाई उधर से हो रही है ।

**Mr. Deputy-Speaker:** He never intended it, but it is not fair.

**Shri Indrajit Gupta:** The shoe should be expunged from the proceedings.

**Shri S. M. Banerjee:** I am glad the hon. member has mentioned this, but the cost of even his shoes may be more than Rs. 7. I would only request him that he should lay his pair of shoes on the Table for circulation among the Congressmen. Let them see whether they can get it for Rs. 5. The hon. Minister may accept my amendment or on his own he may take it up, that it should be at least Rs. 15.

Moreover, I am surprised, I want to know what was the idea behind it. The excise duty on footwear was exempted in 1966 by a notification. In 1965 the then Finance Minister must have realised, or the Chairman of the Board of Revenue must have released, that this excise duty should be scrapped or exempted. Now that exemption notification has been scrapped by another notification and this tax has been levied. I do not know if notifications are treated so shabbily on the whims of the hon. Finance Minister, what is going to be the future of this country. So, I would request him once again to apply his mind and see that the excise duty on this footwear is either exempted or atleast—should be exempted up to a minimum price of Rs. 15. I hope the hon. Finance Minister will give us more convincing reasons that in saying that statistics are available, he has seen the villages.

What is happening in the villages. If you really go to Bengal or UP, what do they do? They have a pair of shoes, that is only meant for the mela, otherwise they take the shoe on the lathing and move about. That is the real picture of what is going on. Does he

want us to move about with our shoes on the lathi and go round the country? This is most unimaginative. I would request him to kindly accept my amendment.

**Shri Shivajirao S. Deshmukh (Parchali):** I raise to oppose sub-clause (f) of clause 40. I propose to support all the reasons that have been advanced by Mr. Joshi.

It is a fact that the levy on powerlooms which, at the hands of the hon. Finance Minister, has received so liberal enhancement literally and mostly affects the State of Maharashtra. Nowadays whenever any Member of Parliament from Maharashtra rises on the national forum and says that this particular policy hits hard the State of Maharashtra he is branded as a regionalist.

**Shrimati Lakshmikanthamma (Khammam):** Parchialist.

**Shri Shivajirao S. Deshmukh:** I am thankful to the lady member, even parochialist. Fortunately or unfortunately Maharashtra happens to contain 70 per cent of the power looms, and any levy which is enhanced anywhere between 400 and 600 per cent is bound to affect the Maharashtra State alone. If this enhancement cannot have the merit of being a national taxation. I dare say that this levy is mostly, if not solely, aimed at the people of Maharashtra. It hurts the poorest sections of the people... (Interruptions).

**An hon. Member:** Are powerloom owners poorest?

**Shri Shivajirao S. Deshmukh:** People from middle classes in Maharashtra were literally lured to purchase powerlooms. This was unwanted, obsolete machinery and they were lured to buy them at fabulous and fantastic prices. Then these installations were again hit by the authorities as being illegal installations. For years, these people had to carry on a fight for mere recognition in order to get over some procedural difficulties. When they have



[Shri Shivajirao S. Deshmukh]

almost won the battle of recognition, when all these installations are recognised, comes the enhancement of the levies... (Interruptions). I simply cannot understand it on what basis is such an enhancement proposed? The Finance Minister seeks recourse to the Asoka Mehta Committee report. Much water has flowed since that committee thought it fit in its wisdom to recommend this course of action which would strike at the root of powerloom industry all over India. On the one hand we plead for modernisation of industry and want more industries should use electric power. The moment the weavers switch over from hand to power loom we impose excise duties on the materials which they use or enhance them by 400-600 per cent. What are our social objectives, we forget all this in a moment and we do these things at the behest, at the pressure of the composite mills. It is a sad story. Whatever the textile commissioner or the financial authorities of the Government of India do is done at the behest of the composite textile mills, whether it is fixing of ceiling or raw cotton prices or levying of tax on yarn of other materials which the organised sector produces and it is always against the poorer sector. The Finance Minister proposed very seriously to refer the whole issue to a study team. I fail to understand what it did. What will a study team do if we ask them to investigate into great detail an issue affecting very poor people? Their proposal was a 16 per cent modification in tax whereas the enhancement had been 400-600 per cent. Why adopt the process of asking the study team to go into these things? I do not know what these wisemen deliberated. I wanted to be associated with these people myself but due to shortness of time I could not do so. I never imagined that these wise people would suggest a reduction of 16 per cent in the proposed levy. I had enquired from some Members of the Rajya Sabha as to what actually transpired before these wise people. I was told that the collector of customs

of Poona and Bombay met and they agreed that on the basis of last year's collections, Rs. 8 crores would be collected on the basis of the enhanced rates announced by the Finance Minister from Bombay alone and another Rs. 4 crores from Poona. From these two places alone, the total levy amounts to Rs. 12 crores. How is it then that the Finance Minister comes before this House and says that the enhanced levy will give an additional income of only Rs. 7.5 crores. I fail to understand this. So, in this country, whenever there is a proposal for taxation, whenever there is an enhancement of particularly indirect taxes, recourse is had at the maximum under-estimation of enhancement. When it goes to test audit, revenue audit, those people say that there have been lapses in the tax collection and so, if you actually take into account the actual amount of enhanced taxes collected, they are much in excess of anticipation. If you add to it certain tax evasions which the test audit reveals, then you would feel that the very basis of the budget, the very conception of arriving at the estimates, is struck at the root. Therefore, I wish that the Finance Minister goes into more details and finds out how this levy ultimately had to be cut down only by one rupee. This is a pitiful sum. We are asking a poor man to pay the tax. He is the man who runs the powerloom, whose sole factory, residence and office premises are all situated in a small piece of land, just a room which measures 4x6 or 4x10 feet, who invests all his life savings in getting hold of a machine called the powerloom and who literally with his blood runs that powerloom with the help of electricity which, thanks to the Maharashtra State Electricity Board very often than not fails, and who at the end of the day, is asked to pay the tax. This is the condition of the man. How do you expect that man to survive?

**Mr. Deputy-Speaker:** The hon Member's time is up.

**Shri Shivajirao S. Deshmukh:** Just one minute more, Sir, and I shall have done.

With this background, if you just look at the balance-sheet of composite textile mills in Bombay alone, I am told that not less than 26 textile mills in Bombay alone have been making a profit even up to 100 per cent of their total capital, and these textile mills do not have to pay the enhanced excise duty, but the enhancement of excise duties falls only on the power loom sector, and that too, the power-loom sector in Maharashtra alone which thrives literally on the fine and superfine counts which are described in technical language as 40 counts and above. If you take into consideration that category and above, you will see that this enhanced duty strikes at the root of the entire power-loom industry in Maharashtra.

Once again, therefore, I appeal to the Finance Minister to call these study group people to sit together and ask them again to go into this question and arrive at proper recommendations. I am sure that the Finance Minister will come out then with a substantial reduction in the proposed levies even to the tune of 75 per cent without losing a single paisa on the anticipated levies which he expects to have from the proposed enhancement.

Therefore, I wish that the Finance Minister will again go into this question and move a proper amendment.

**Mr. Deputy-Speaker:** Many hon. Members have indicated their desire to speak, because the common man's question is involved in this clause. So, I request hon. Members to confine their remarks just within 5 minutes and not more.

**Shri Beni Shankar Sharma (Banka)** I will less time. **Mr. Deputy-Speaker,** Sir, so far as this clause 40 is concerned, there are two amendments in my name: 238 and 243. So far as

these amendment are concerned—these are about tea and coffee—many of my friends have spoken enough on that, and so I will confine myself to the latter one which deals with an increase in excise duties on jute manufactures. The main object has been given in the memorandum explaining the need for the duty: the increase in excise duty on jute manufactures is partly a revenue measure and partly meant to restrict internal consumption. The hon. Finance Minister in his opening speech had said that it is only for the purpose of export that he was increasing these excise duties, so that enough quantity of jute manufactures, would be made available for the purpose of export. Besides increasing the cost of the hessian bags which are needed for the purpose of storing our foodgrains, it will certainly increase the price of foodgrains as well. It will hamper the export of raw jute manufactures also. This is not a measure by which we can increase our exports.

The export of jute manufactures depends on so many other factors. At the time of partition, it was declared from house-tops that Pakistan will be nowhere, because there was jute in Pakistan, but all the jute mills were in India. Now we know what the condition is at present.

We had three main industries before partition—cotton textiles, sugar and jute. We have seen the condition of sugar and cotton textiles. The jute industry is also facing such a crisis that some day you will find these jute mills either in the archaeological department or in the godowns of the scrap dealers. It is our misfortune that on account of our policies, we have lost the jute trade over which we had once a monopoly in the world.

In 1957 our total exports of jute manufactures were 82.9 per cent. It dwindled down to 58.5 per cent in 1966. This is due to our policies. In the matter of exports and fixing export duties. We had thought that

[Shri Beni Shanker Sharma]

Pakistan would come down to its knees, but now Pakistan has got an edge over us in jute trade. It has forged ahead. So many mills have been established there and its export has increased by 26.7 per cent whereas ours has gone down by 24.4 per cent from 1957 to 1966. These measures cannot boost our exports. We have to take some concrete measures for that purpose. This can be achieved if we adopt a rational policy in regard to our export duties. I know this is not the time nor the place to state these things. I simply want to bring it to the notice of the Finance Minister that increase in excise duty on jute manufactures alone would not achieve the desired result of boosting exports.

श्री बार्बे फरनेन्डीस (बम्बई-दक्षिण) :

उपाध्यक्ष महोदय, जो सब क्लाइ एच है इसको मैं खास तौर पर विरोध करने के लिये खड़ा हुआ हूँ। जब से यह बजट पेश हुआ है तब से पावर लूमज के बारे में काफी बहस इस सदन में और सदन के बाहर भी हो चुकी है। हम ने यह भी सुना है कि सदन को इसकी जानकारी न देते हुए उप प्रधान मंत्री ने एक स्टडी टीम भी बनाई थी जिस के श्री कम्पानी सदर थे। वह स्टडी टीम जहाँ जहाँ पावर लूमज का केन्द्रीयकरण है वहाँ वहाँ गई थी। महाराष्ट्र के कई इलाकों का इस स्टडी टीम ने दौरा किया था जैसे मालेगांव, शिबंगी, इचलकरंजी आदि। इस स्टडी टीम ने महाराष्ट्र सरकार के उद्योग मंत्री तथा अन्य मंत्रियों से इस नई इयूटी के बारे में बातचीत भी की थी।

जब से इस नई इयूटी की घोषणा की गई तब से सदन में ऐसे आंकड़े भी पेश हुए हैं हम में से कई लोगों की ओर से कि जहाँ ग्रॉस बल्की ने यह कहा है कि आठ करोड़ के आसपास इस नई इयूटी से सरकार की आमदनी बढ़ने वाली है वहाँ सरकारी आमदनी पचास करोड़ से साठ करोड़ तक ज्यादा होने वाली है। सदन के बाहर अखबारों में तथा दूसरे लोगों

की ओर से जहाँ जहाँ इस मसले पर चर्चा हुई है यह बात कहने में आई है कि ग्रॉस मंत्री का जो आंकड़ा है वह बिल्कुल ही गलत है। मैंने जब यह भी सुना है कि कम्पानी साहब की जी स्टडी टीम है वह स्टडी टीम इस निष्कर्ष पर पहुँची है कि सरकार ने आठ करोड़ का हिस्सा लगाया है वह बिल्कुल गलत है और पन्द्रह करोड़ से अधिक सरकार को श्री आमदनी इस नई एक्साइज इयूटी से होने वाली है। इस इयूटी से सरकार को होने वाली आमदनी के हमारे आंकड़े तो पचास, साठ करोड़ तक आते हैं। सरकार उन आंकड़ों को माने या न माने, लेकिन मैं यह जरूर चाहता हूँ कि इस सम्बन्ध में श्री कम्पानी की स्टडी टीम ने जो आंकड़े दिये हैं, वित्त मंत्री उनको सदन के सामने रखें। अगर श्री कम्पानी की स्टडी टीम का यह कहना हो कि इस इयूटी से पंद्रह करोड़ रुपये से अधिक की रकम आने वाली है, तो मैं चाहूँगा कि वित्त मंत्री अभी इस सदन में इम बिल को पास करने से पहले ही इस एक्साइज इयूटी में पचास फीसदी कमी करने की घोषणा कर दें।

आज मुझे आम तौर पर सरकार पर और विशेष रूप से वित्त मंत्री पर यह आरोप लगाना है कि हिन्दुस्तान के बड़े मिल-मालिकों और सरकार ने मिस कर एक किस्म का षडयंत्र रचा है कि छोटे उद्योगों को खत्म किया जाये, पावरलूम को खत्म किया जाये। जो नई एक्साइज इयूटी लगाई गई है, उसका यह नतीजा होगा कि पावरलूम में काम करने वाले लगभग चार लाख कर्मचारी बेकार हो जायेंगे, पावरलूम बड़े पैमाने पर बन्द हो जायेंगे और इससे लाखों रुपये बर्बाद हो जायेंगे। मैं कहना चाहता हूँ कि एक तरफ विकेन्द्रीकरण की बात करना और दूसरी तरफ बड़े उद्योग-धंधों के मालिकों के साथ मिल कर छोटे लोगों को उनके उद्योग-धंधों से हटा देने

का पड़वंत्र रचना सरकार को बिलकुल शोभा नहीं देता है ।

सरकार ने पावरलूम के बारे में श्री अशोक मेहता के सभापतित्व में, जो उस समय मंत्री नहीं थे, एक कमेटी बनाई थी । मैं श्री अशोक मेहता द्वारा लिखे गये अशोक मेहता कमेटी की रिपोर्ट के दो तीन वाक्यों को पढ़ कर सुनाना चाहता हूँ । श्री अशोक मेहता लिखने में तो बहुत ज्यादा चालाकी दिखाते हैं, लेकिन केवल कुछ लिख देने का कोई मतलब नहीं है, क्योंकि उसको अमल में लाने की ताकत उनके पास नहीं है । श्री अशोक मेहता के नेतृत्व में कई कमेटियाँ बनाई गई हैं, लेकिन उनमें से किसी की रिपोर्ट पर भी सरकार ने अमल नहीं किया है ।

पावरलूम के बारे में श्री अशोक मेहता ने कहा है :

"Powerloom is much more than an instrument of production, it is a symbol of vast countrywide process of economic transition and techno-social change. Behind it lie deep economic urges of millions of people to break through the coils of poverty to improve, ever so little their levels of living and to escalate themselves to a slightly higher social layer. The entry of the decentralised sector in a big way in the supply of cloth serves to exert a healthy influence to the advantage of the consumer. This is in addition to the main gains, social and economic, like diffusion of entrepreneurship and mobilisation of capital, in the dispersed areas flowing from decentralisation of the industrial activity."

श्री अशोक मेहता के पत्र को मैं और नहीं पढ़ना चाहता हूँ । लेकिन मैं कहना चाहता हूँ कि इस मुल्क में विकेन्द्रीकरण कर के उद्योग-धंधों को चलाने के जिस सिद्धान्त को हम सब लोगों ने माना है, वित्त मंत्री अपने नये बजट के द्वारा और पावरलूम पर नये टैक्स लगा कर

उस सिद्धान्त को तोड़ना चाहते हैं । मैं उनसे अपील करूंगा कि वह इस बड्यंत को तोड़ें और श्री कम्पानी को स्टडी टोम द्वारा दिये गये आंकड़ों को मान कर एक्सट्राइज्ड्यूट्स में पचास फ़ीसदा कमी करने का यहाँ ऐलान करें और बाकी रकम को यहाँ से बाहर जा कर खत्म क ।

**Shri Ranga (Srikakulam):** Mr. Deputy-Speaker, Sir, I am not particularly very keen on growing eloquent and poetic about this power loom business. I have been a champion of the handloom weavers and khadi. Mahatma Gandhi wanted us to support the handloom weavers as well as khadi workers. Then Jawaharlal Nehru came and said that we must give up this bullock-cart, go to bicycle, from their to aeroplane etc. and he has left his heritage to Asoka Mehta who now wants us to go from or give up handloom, take to powerloom, from powerloom to textile mill and then escalate into, I suppose, nuclear age and so on. Now, it is an age-old problem whether we want decentralised industry or centralised industry, whether we want cottage industry or not. I want Cottage industries and for very good reasons. This government also stands for it. They have spent crores of rupees in order to develop and encourage the village industries through the Village Industries Commission. But, at the same time, we cannot very well give up the mill industry. So, a compromise is necessary, and it has been struck and it has been implemented also for a very long time by this government after the achievement of freedom. But, unfortunately for us, the advocates and champions of the large-scale industry are not prepared to call a halt to their aggression against the handloom weaver, the cottage industry worker, the decentralised industry and the workers there. One of their weapons is powerloom, about which my hon. friend, Shri Asoka Mehta seems to have written a poem, a poetry with which

[Shri Ranga]

our hon. friend, Shri Fernandez re-galed the House now.

In England also, when I was a boy and a student, they began to sing some songs about the efficiency of textile industry and they ridiculed the very idea of khadi as well as handloom when we were ardently supporting Mahatma Gandhi in those days. Now we have got their advocates in this country also. What we need now is a compromise between these two, a policy of co-existence. Unfortunately, for these people who have brought in these powerlooms and more unfortunately for us all, it has come to stick rather too heavily. In the State of Maharashtra, in the neighbouring State of Mysore, both of which happen to be very influential with this government today, they seem to be doing their mischief against the poor handloom weavers.

My hon. friend says that 5 lakhs of people are employed by the powerlooms and so he wants to press their claim. But what about the 1 crores of handloom weavers who are to be found all over India, in my State as well as in any other State also? Should we not look after them? Are we not to see that their interests are not jeopardised? I want my hon. friends of the SSP and others also to give some consideration to this.

Now, let me come to the Finance Bill. When they introduced the excise duty on yarn three years ago and last year also, we wanted those levies to be dropped to the extent that they were harming and injuring the handloom weaver. They have not given any relief. This year also there is no relief provided to them. I would like the government to think about it. After all, at any time during the year, if only they could make up their mind, they could give them relief. My hon. friend says: well, we are not imposing it on lower counts. But the handloom weavers, by and large, are using the higher counts,

superfine counts also, because it is only clothes woven out of the higher counts which can yield higher wages for them. Therefore, I would like my hon. friend to give some thought to it.

Then, let me come to the shoe wear: We want all people to wear shoes or chappal more and more because the present habit of going about without shoes at all hurts their health and also weakens their efficiency. It is all the more so in the south. In the tarred roads and RC roads we should encourage these people to wear shoes as much as possible, as often as possible. Now they do it only when they go to their relatives' houses, as some of our friends mentioned here today. Instead of encouraging people to wear shoes more often, what my hon. friend, Shri Morarji Desai has proposed goes against this tendency that ought to be developed, a very desirable object. That is why I cannot congratulate him on this count.

He is very unfortunate. If he had taken any other Ministry, he would have had a very fortunate position. He has come into this most unfortunate Ministry where he can do only unpopular things and please nobody. On top of that, some kind of evil genius sits on his head and he falls in love with the most unpopular things and makes himself the author of new impositions.

There was that excellent tax on kerosene oil! Why he thought of it, God only knows. It is all his misfortune, as far as I can see, and the misfortune of this country that these things specially go on waiting until he becomes the Finance Minister. Now this time he makes himself the author of a shoe duty. Shoe duty, kerosene oil duty and gold control—what a trio' and what an insanity! What a gift my hon. friend has invited upon himself to make to the country? I am extremely sorry for him. If I did not have any personal feeling for him,

I would have asked him to be dismissed because now he has become a reasonable human being, not necessarily a dogmatic person. Therefore I hope that between now and next year some more of this reason he would be able to welcome and he would try not to be an inventor like this of new taxes but would try to withdraw as many of these taxes as possible, specially all these excise duties and earn a good name not only for himself but also for the country and give an opportunity for the ordinary folk to breathe more freely than what they can do today.

**Shri Dattatraya Kunte (Kolaba):** Sir, in this country the Government of India has all along been thinking in terms of right from khadi and village industries to the most up-to-date machinery we can think about. As the leader of the Swatantra Party said, what about the handlooms? We have in the Finance Minister a person who would look after all the interests of khadi and village industries and all the interests of khadi and village industries and all those things. Therefore I am going to make a very small point: as regards the powerlooms that are there in the country, whether in the Maharashtra State or in any other State.

What are the facts? The facts are that till this proposal had come, the duty was Rs. 1/20. Out of this Rs. 1/- was paid by those sizing units who bought the yarn, sized it and sold it to the powerloom weaver or powerloom owner. Therefore the powerloom owners or weavers did not have to invest this money. The sizing man who did the sizing paid the duty, bought the yarn, sized it and gave it to them. They paid only 20 paise or whatever it was.

The proposal made originally was that it would be raised to Rs. 6 with the result that the sizors have said that the weavers should pay this duty and then only they will buy the yarn and size it for the weavers; otherwise, they will do nothing about it. The Asoka Mehta Committee, to

which a reference has been made, has also recommended that a state should arise where these powerlooms do not have to depend upon mills for the supply of their yarn that they should have their own mills. Where are the mills in the co-operative sector? We find from reports that at some place in Maharashtra the machinery has come but because of some delays which usually happen in all these Government organisations, for one reason or other, either the buildings are not there or the other plans are not sanctioned, the machinery in all those cases is lying there.

Under these circumstances, when the effort of the Asoka Mehta Committee was to make these powerloom weavers more independent of the mills, their dependence still continues. Today what do we find? We find that the duty has been raised. Originally they had proposed to raise it from Rs. 1/20 to Rs. 6/10 or something of sort. Now the Finance Minister has been kind enough to make it Rs. 1 less; so, it becomes Rs. 5. But the rise is 500 per cent, if my facts and figures are correct. If they are not, I am prepared to learn from him because, after all, I do not claim all the knowledge. But that was the information given to me and I may tell you that a person who holds a high position in the Government told me that this statement of mine is a correct statement. Therefore from Re. 1 to Rs. 5 is a steep rise and it is for the Finance Minister and the House to consider whether this high rate of duty should be there. This is all I would like to say.

श्री कमल नयन बजाज (वर्धा) :  
उपाध्यक्ष जी, मैं इस सवाल को खाली एक्साइज इयूटी पावर लूम पर कितनी बढ़ी है उसी हिसाब से नहीं देखना चाहता। भारत की आर्थिक व्यवस्था जिस तरह से गांधी जी ने हम को बताया है उस तरह से हम को सोचनी है और उसके लिये हमारे उप-प्रधान मंत्री जी जितने उपयुक्त हैं उतना दूसरा कोई मंत्रिमंडल में नहीं है यह भी हम प्रच्छी तर

[श्री कमल नयन बजाज]

से जानते हैं। आज अनाज के बाद सब से ज्यादा उपयोगी वस्तु जीवन के लिए कपड़ा है और अधिक से अधिक काम भी खेतों के बाद कपड़े में या कपड़ा बनाने में हम दे सकते हैं। भारत में जितने देहात हैं और जितनी आबादी उसको देखते हुए अधिक से अधिक लोगों को हम कपड़ा उत्पादन करने में यदि लगा सकें तो रोजगार हम बहुत लोगों को दे सकेंगे और उसी की धजह से खट्टर का भी कार्यक्रम गांधी जी ने लिया था। सारी आर्थिक व्यवस्था हमारे देश की उसके इर्द गिर्द उन्होंने बनाने की कोशिश की थी। आज भारत के अन्दर देहातों में भी बिजली का पावर पहुँच गया है और पहुँचता जा रहा है। कपड़ा बनाने के वास्ते हमारे हाथ के करघे या बिजली का शक्ति से चलने वाले करघे यदि गाँव-गाँव में और घर-घर में पहुँच जाते हैं और बिजली की शक्ति उनके घरों में दी जा सकती है, उसके लिए यदि हम कोई इस तरह का कार्यक्रम संचालन कर बना सकें कि जिससे दस साल में या पन्द्रह साल में जितना कुछ कपड़ा बनता है वह मिलों में, केन्द्रीय जगहों में न बन कर के धीरे धीरे वह देहातों के अन्दर घरों में जा कर के बनने लग जाय, कम से कम हमारा 80 प्रतिशत या 90 प्रतिशत कपड़ा जो कि भारत की जनता पहनती है, इस तरह का कपड़ा वहाँ बनने लग जायगा तो जहाँ पर कपास या रूई पैदा होती है वहाँ पर हम उस चीज को बना सकेंगे। उसके लिए हम को मजदूरों को बड़े शहरों में लाने की जरूरत नहीं पड़ेगी, उनको स्लम में रखने की जरूरत नहीं पड़ेगी, बड़े शहरों की आबादी बढ़ाने की जरूरत नहीं पड़ेगी। इन मिलों में भी हम 45 परसेंट या पांच परसेंट या सात परसेंट बच्चे और स्पिडिल धीरे धीरे कम करने का कार्यक्रम बनायें जिसमें हमारा जीवनोपयोगी जो स्तर है वह जितना बढ़ता है उसके लिए जितना कपड़ा चाहिए उसका इंतजाम करके मिलों में भी हम यह कर दें कि इतने इतने लूम हर साल कम होंगे तो सब से खराब मिले

बन्द होती चली जायेंगी और इसी प्रकार से इतने ही पावर लूम और हाथके करघे चलाने का कार्यक्रम यदि हम बना लेंगे और दस साल या पन्द्रह साल में यदि भारत में कुछ ही मिलें ऐसी रह जायें जो कि एक्सपोर्ट के लिए या खास कर के ऐसा फॅंसी माल बनाने के लिए जिनकी जरूरत है उसके लिए रह जायें और बाकी की मिलें धीरे धीरे हटती जायें, उसकी जगह पावर लूम और करघे के अन्दर कपड़ा बनने लग जाय तो मैं मानता हूँ कि भारत की एकोनामी को, भारत का हमारी आर्थिक शक्ति को मजबूत बनाने के अन्दर इस तरह का कार्यक्रम बहुत ही हम को लाभदायक सिद्ध हो सकता है। इस तरह हम खास तौर से आज ध्यान दे सकते हैं। जब कि पावर आज देहातों के अन्दर पहुँच गया है तो वहाँ पर हम उनको मजदूरी उनके घरों में दे सकते हैं बनिस्वत इसके कि केन्द्रीय स्थानों पर ला कर के, बुरे वातावरण में रख कर के, उन के परिवारों को और उन को दुखी बना कर के, चाहे दो रुपया ज्यादा भी दें, उसकी बनिस्वत वह अपने परिवारों में देहात के अन्दर रह सकें इस तरह यदि हमारे उप-प्रधान मंत्री जो अधिक ध्यान दें और इसको विकसित करने के वास्ते कोई स्कीम बनायें तो मैं मानता हूँ कि उससे भारत को बहुत अधिक लाभ होगा।

बनिस्वत इसके कि थोड़ी एक्साइज ड्यूटी यदि बहुत अधिक है तो उसको भले ही कम करें, परन्तु उतना कम, ज्यादा करने से कुछ नहीं होगा, बल्कि वह ऐसी स्कीम बनाएँ कि दस वर्ष के अन्दर कपड़ा हँड लूम से और करघे से बन सके, इस दृष्टि से वह काम करें तो मैं समझता हूँ कि भारत की आर्थिक व्यवस्था अधिक मजबूत हो सकती है।

**Shri Morarji Desai:** What has been said by many hon. members is nothing new. This was all said before on the Budget and on the Finance Bill at the consideration stage. Now all these are repeated. But there are

some points about which I should certainly like to explain myself and I hope that my hon. friend, Mr. Lobo Prabhu, will not feel that I was very curt. Unfortunately that is the position to which one is reduced; when one has to reply in a way where it is not acceptable, one is considered curt. I do not want to complain of any curtness on his part. But there was no curtness in what I said. When I said that devaluation could not be put back, I only said the truth. Revaluation also cannot be made without the agreement of the International Monetary Fund. Therefore, if revaluation is to be made, it has to be done with their consent. And who will consent to it? All those people who are benefited by devaluation are not going to agree to it...

**Shri Lobo Prabhu:** Try.

**Shri Morarji Desai:** How can I try a foolish thing? All that I would say is that I would be considered completely stupid. I do not want to be given that epithet. You may call me curt, but I hope I will not be given the other epithet, specially in the international field. That is all that I want to say. Here I may be called stupid; I do not mind.

**Shri Lobo Prabhu:** You may serve the country.

**Shri Morarji Desai:** The country has to be served in a proper manner and not as one wants. That is what one has to consider.

**Shri Lobo Prabhu:** It is a matter of opinion.

**Shri Morarji Desai:** There, I agree. These are all matters of opinion. But with my opinion, most of the people will agree, all the economists will agree, but with his opinion nobody will agree. That is all I am saying.

He says that the exports are going down even now. That is not true. In June, the exports are better than what they were last year or even before the previous year. Therefore,

it is not that they are going down. They are looking up. That is what I have said. It is too early for me to say that. That is why I am not making any claim about it. One does not know what will happen in the next two or three months. This is not the period when exports also look up very much, but it was fortunate that during the last month, the exports were better than what they were in the corresponding month in the last year.

**Shri Kamalnayan Bajaj:** Is money values or quantities?

**Shri Morarji Desai:** I am talking of money values. I cannot say about quantities because I have not gone into that.

Then I was told by my hon. friend, Shri Banerjee, about shoes. It seems to think that I am only giving some figures which have no relation to reality because he comes from Kanpur, which is a very big city...

**Shri Indrajit Gupta:** He is an authority on shoes.

**Shri Morarji Desai:** He may be an authority about himself, but not about everything. Nobody can be an authority on anything.

**Shri Indrajit Gupta:** I said, 'shoes'.

**Shri Morarji Desai:** If he is an authority on shoes, he is welcome to be an authority; I do not say anything. But at best he is an authority only on the shoes manufactured in Kanpur and that mill certainly manufactures shoes of higher order and not of a quality for the poorer people..... (Interruptions).

**Shri S. M. Banerjee:** I will give Rs. 20. Let him get four pairs, two for himself and two for me.

**Shri Morarji Desai:** Will my hon. friend hear me? Does he want to hear me or as usual does he want to drown my voice? That is not possible.

Even that mill produces 20 per cent (Interruptions)



**Shri Kamalnayan Bajaj:** If he gets the shoes, at least they should not be brought into the House.

**Shri Morarji Desai:** . . . and its production is related to shoes which are less than Rs. 8 per pair. I am talking of the wholesale value. When I talk of Rs. 5 and Rs. 8, I talk of the wholesale value and not of the retail value. The retail value is 25 to 30 per cent more. (Interruptions)

श्री भूचु निम्नये : फिर क्या फायदा है ?  
दरु हाये तक करो ।

श्री मोरारजी देसाई : Will he hear or will he just say "क्या फायदा है" ? समझे बगैर क्या फायदा होगा ?

बगैर समझे कोई फायदा नहीं होगा । The only question is whether the duty levied is increasing that or whether it is there before. The duty levied is on wholesale rates and not on the retail rates. That is, in the factory and not of other people. About these shoes which are produced in factories, I will even give what is being produced by factories for leather, rubber and canvas. They are produced of these three materials. In leather, shoes produced below Rs 8 are 54 per cent of the number of shoes produced. Therefore, they are now being freed from duty. That is what will be seen. In rubber shoes, they account for 96.3 per cent below Rs. 8; below Rs. 5 they are 71.7 per cent. again above Rs. 5 and below Rs. 8 they are 24.6 per cent. As a matter of fact, on canvas shoes, they are 90 per cent below Rs. 5, and 9 per cent above Rs. 5 and below Rs. 8, and only 1 per cent above it. These are figures obtained from the factories. If these figures are wrong, I shall certainly try to verify them again.

**Shri S. M. Banerjee:** We never said that. We only said that we did not get them.

**Shri Morarji Desai:** Therefore, it cannot be said that I was giving all wrong figures.

**Shri S. M. Banerjee:** I cannot buy at the wholesale price. He is denying me dearness allowance. So, how can I buy it?

**Shri Morarji Desai:** I have referred only to the wholesale prices. I talked of that even yesterday. I did not talk of retail price. I had specified it in my speech and yet my hon. friend loses his patience and he goes on butting in. That is all that he does. I do not mind that happening. But I should be corrected properly, and I am prepared to take correction; but let him also follow suit and take the correction

श्री ज० मो० बनर्जी : कितना ही कहिये मिलेगा नहीं ।

श्री मोरारजी देसाई : होलसेल में 5 रुपये का जूता मिलेगा बाकी रिटेल में बाजार में 8 या 9 रुपये में मिलेगा लेकिन उसकी कीमत नहीं बढ़ गयी है क्योंकि उसकी इयटो बढ़ाई नहीं है । कीमत क्यों बढ़ेगी ? 8-9 रुपये से ज्यादा नहीं बढ़ेगी । कीमत उसकी में तो नहीं बढ़ाता है ।

एक नानास्य विद्वय : वह 5 के 8 कर दंगे ।

श्री मोरारजी देसाई : अब वह बाहर कर देंगे तो मैं क्या करूँ ? उस पर इयूटी है नहीं ।

As regards the other shoes which are about 85 per cent of the shoes and prepared outside these factories on which there is no duty whatsoever, how are they affected by these duties levied? I do not understand. Therefore, all the argument that is advanced is not realistic; if it appeals to anybody it appeals only to my hon. friends who are making those arguments and not to me.

About excise on powerlooms, I have gone into these figures very very

carefully. It was said that Mr. Kampani who was one of the officers who had gone into this had said that the duty accruing to Government would be Rs. 15 crores. I have verified that. I have seen even his report where he says that the duty accruing in a full year will be Rs. 11 crores; so, partially it will not be more than Rs. 9 crores; in fact, it will be less than that. Afterwards he also has found that the figures in regard to yarn which he had obtained from Ahmedabad were on the higher side and, therefore, they had to be deducted, and so it comes to not more than Rs. 7.80 crores. These are figures which can be verified by anybody who wants to verify them. I had said yesterday that I would send those figures to my hon. friends who wanted them.

Here is my hon. friend Shri Shivaji Rao S. Deshmukh who says that only the Collector of Poona had reported some figures. I do not know how he has reported those figures and to whom. I do not find those figures here with me at all. The figures that I have with me, in regard to the duty, were obtained last year and are with me. So far as the Poona collectorate is concerned, the superfine yarn consumed on which they paid duty which was there last year was only 11.45 million k.g. So, how could it be Rs. 10 or 11 crores last year? I cannot understand it. Therefore, this is a question where my hon. friend ought not to run away with sentiments and emotions. I can very well appreciate his sentiments and emotions. I realise the pressure which is being put on him and other friends by various people, and I can also understand the pressure put on me too by all these friends. I have certainly tried to pay attention....

**Shri Shivaji Rao S. Deshmukh:** Multiplying 11 million by Rs. 5 he will still come to that figure.

**Shri Morarji Desai:** It does not come to that.

**Shri Shivaji Rao S. Deshmukh:** He has enhanced the duties..

**Shri Morarji Desai:** If we multiply it by Rs. 5 it will come to only about Rs. 5 crores, 11 million is 1 crore and 10 lakhs, and if the hon. Member multiplies it by Rs. 5 it would come to only Rs. 5.50 crores; it does not become Rs. 12 crores. Again, it cannot be multiplied by Rs. 5 because there was a duty last year; so, about Rs. 1.5 crores or so has got to be deducted from Rs. 5.50 crores; and it would become only about Rs. 4 crores and nothing more than that.

**Shri Shivaji Rao S. Deshmukh (Parbhani):** I said Rs. 4 cores only.

**Shri Morarji Desai:** That is not more at all. It is only somewhat more in Poona and Bombay. Elsewhere I find that the figures are less. I got those figures here only now, and before that I had not seen these figures.

Therefore, when you look at that, the figures are not more. Why should I be interested in getting more than I have claimed? Certainly if I want to get more, I will come before the House and say so and I will have those taxes, if the House sanctions them; if not, they will not be levied. I do not want to take recourse to a subterfuge and realise more revenue than has been levied. I have followed this principle so far and I shall follow it with greater care in future, whatever one may talk. There are bound to be some fluctuations in all these estimates because the estimates are made several months before the budget is presented. Therefore, there are some variations which have taken place; by and large they are never more. We have been working on deficits in the past; in future, I do not want to do that. That is why I am trying to take more care in this matter.

Then the question was raised about tea and coffee. I do not want to impose my tastes on anybody. I have never tried to do that. Why should I consider tea and coffee as undesirable? Those who want to take them

[Shri Morarji Desai]

can take them. They are taking them. When it is said that higher prices will not increase exports, I do not see how my hon. friend argues about it. What is required is to curtail consumption. If consumption of tea and coffee is not curtailed but goes on increasing, exports will go down more and more because there will not be exportable surplus.

**Shri Balraj Madhok** (South Delhi): It will not cut down.

**Shri Morarji Desai:** It is cutting down already. I say that it is happening, not that it is not happening.

Even in the matter of cigars and cigarettes, one hon. friend in the Rajya Sabha told me that his Home Minister has cut down the stock of cigars. Therefore, it does happen, not that it does not happen. On the whole, there may not be much less consumption because there will be some new who come in and some old who go out. On the whole, there will be a little less consumption. But that is also fortunate for the Government because we get duty. Therefore, I am not saying that there will be no consumption. If there is no consumption, certainly I shall be happy. But I am not going to say that because I must have the duty, people should consume more. That is not the line I have taken.

There are certain other matters where the health of the people is concerned. Of course, it is their duty to look after their health, but it is also Government's duty to look after the health of people.

श्री रबी राय (पुरी) : लेकिन आप नका स्वास्थ्य देखते नहीं ।

**Shri Morarji Desai:** Government have been looking after their health, not that they have not been.

**Shri Indrajit Gupta:** Are we to accept medical theories from him?

**Shri Morarji Desai:** I am not giving my opinion; I am only quoting medical opinion. I was not propagating the dictum that tobacco induces cancer. I have never said that. I learnt it from doctors. Even now, I myself do not know how it does or how it does not. I am only quoting doctors' opinion, not my opinion.

Then it was said that on sized yarn duty was fixed at 6.20 and they also pay 33-1/3 per cent of the special excise which was there last year. That has been removed by notification. Therefore, there is no question of that being paid additionally. On the contrary, it is deducted. That also is not taken into account by my hon. friends.

I can very well understand the opposition of my hon. friends to taxes. Nobody likes taxes. Therefore, they are bound to oppose them. But Government cannot have that allergy to taxes. As a matter of fact, there is always a tug-of-war between the taxpayer and the tax-gatherer. That will go on eternally not only here, but everywhere. It all depends who gets away with it. If Government can get the sanction of the House, they get away with it. If it does not, then the others get away with it. I only hope that this will be passed.

**Mr. Deputy-Speaker:** We have spent nearly 2½ hours on clause 40.

I put all the remaining amendments to the vote of the House. Amendments Nos. 238, 269 and 270 are same as Amendments Nos. 183, 185 and 243 respectively.

The Amendments Nos. 183, 185, 186, 239 to 241, 243, 244, and 268 were put and negatived.

18 hrs.

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

"That clause 40 stand part of the Bill."

The Lok Sabha divided:

## Division No. 121

18.01 hrs.

## AYES

Achal Singh, Shri  
 Ahmed, Shri F. A.  
 Awadesh Chandra Singh,  
 Shri  
 Babunath Singh, Shri  
 Bajaj, Shri Kamalnayan  
 Barua, Shri Bedabrata  
 Besra, Shri S. C.  
 Bhandare, Shri R. D.  
 Bhargava, Shri B. N.  
 Bholu Nath, Shri  
 Chaturvedi, Shri R. L.  
 Chavan, Shri D. R.  
 Chavan, Shri Y. B.  
 Choudhury, Shri J. K.  
 Dasappa, Shri Tulsidas  
 Dass, Shri C.  
 Desai, Shri Morarji  
 Deshmukh, Shri K. G.  
 Deshmukh, Shri Shivaji-  
 rao S.  
 Dinesh Singh, Shri  
 Gandhi, Shrimati Indira  
 Ganesh, Shri K. R.  
 Gavit, Shri Tukaram  
 Hazarika, Shri J. N.  
 Himatsingka, Shri  
 Jadhav, Shri Tulsidas  
 Jagjiwan Ram, Shri  
 Jaipal Singh, Shri

Kamala Kumari, Kumari  
 Karan Singh, Dr.  
 Katham, Shri B. N.  
 Kinder Lal, Shri  
 Kotoki, Shri Liladhar  
 Kushok Bakula, Shri  
 Lakshmikanthamma,  
 Shrimati  
 Mahadeva Prasad, Dr.  
 Mandal, Shri Yamuna  
 Prasad  
 Molahu Prasad, Shri  
 Nageshwar, Shri  
 Naghnoor, Shri M. N.  
 Nahata, Shri Amrit  
 Pahadia, Shri  
 Panigrahi, Shri Chinta-  
 mani  
 Partap Singh, Shri  
 Patel, Shri N. N.  
 Patil, Shri S. D.  
 Prasad, Shri Y. A.  
 Qureshi, Shri Shafi  
 Radhabhai, Shrimati B.  
 Ram Dhan, Shri  
 Ram Kishan, Shri  
 Ram Sewak, Shri  
 Ram Subhag Singh, Dr.

Ram Swarup, Shri  
 Rana, Shri M. B.  
 Randhir Singh, Shri  
 Rane, Shri  
 Rao, Shri K. Narayana  
 Rao, Shri Muthyal  
 Rao, Shri J. Ramapathi  
 Rao, Shri Thirumala  
 Roy, Shri Bishwanath  
 Sadhu Ram, Shri  
 Sanghi, Shri N. K.  
 Sen, Shri Dwaipayan  
 Sen, Shri P. G.  
 Shah, Shrimati Jayaben  
 Shastri, Shri Ramanand  
 Sheo Narain, Shri  
 Shiv Chandika Prasad,  
 Shri  
 Singh, Shri D. N.  
 Solanki, Shri S. M.  
 Sonar, Dr. A. G.  
 Sudarsanam, Shri M.  
 Supakar, Shri Sradhakar  
 Tiwary, Shri D. N.  
 Venkatasubbaiah, Shri  
 Verma, Shri Prem  
 Chand  
 Yadab, Shri N. P.

## NOES

Amin, Shri Ramchandra  
 Badrudduja, Shri  
 Banerjee, Shri S. M.  
 Berwa, Shri Onkar Lal  
 Bhadoria, Shri Arjun  
 Singh  
 Chandra Shekhar Singh,  
 Shri  
 Dandeker, Shri N.  
 Fernandes, Shri George  
 Goel, Shri Shri Chand  
 Gupta, Shri Indrajit  
 Haldar, Shri K.  
 Jha, Shri Bhogendra  
 Joshi, Shri S. M.  
 Kameshwar Singh, Shri  
 Kandappan, Shri S.

Khan, Shri Ghayoor Ali  
 Khan, Shri Latafat Ali  
 Kisku, Shri A. K.  
 Kothari, Shri S. S.  
 Koushik, Shri K. M.  
 Kunte, Shri Dattatraya  
 Lobo Prabhu, Shri  
 Madhok, Shri Balraj  
 Maiti, Shri S. N.  
 Meghachandra, Shri M.  
 Mohamed Imam, Shri  
 Mohan Swarup, Shri  
 Mukerjee, Shri H. N.  
 Nair, Shri Vasudevan  
 Nath Pai, Shri  
 Patel, Shri J. H.  
 Patil, Shri N. R.

Patodia, Shri D. N.  
 Rajaram, Shri  
 Ramabadram, Shri T. D.  
 Ramamurti, Shri P.  
 Ranga, Shri  
 Ray, Shri Rabi  
 Samanta, Shri S. C.  
 Sambhali, Shri Ishaq  
 Sen, Dr. Ranen  
 Sequeira, Shri  
 Sharma, Shri Beni  
 Shanker  
 Shastri, Shri Ramavatar  
 Sondhi, Shri M. L.  
 Tyagi, Shri O.P.

Mr. Deputy-Speaker: The result of  
 the division is as follows:

Clause 40 was added to the Bill.

18.04 hrs.

Ayes: 79; Noes 47.

The Lok Sabha then adjourned till  
 Eleven of the Clock on Friday, July  
 28, 1967/Sravana 6, 1889 (Saka)

The motion was adopted.