

[श्री राम सेवक]

वितरण नियन्त्रण (मंशोधन), आदेश, 1970, जो दिनांक 4 अप्रैल, 1970 के भारत के राजपत्र में अधिसूचना संख्या एस० ओ० 1219 में प्रकाशित हुआ था सभा-पटल पर रखता हूँ।

[Placed in Library. See No. LT-3418/70]

12.49 hrs.

BUSINESS ADVISORY COMMITTEE FORTY-NINTH REPORT

SHRI PARTHASARATHY (Rajampet):
I beg to move :

"That this House do agree with the Forty-ninth Report of the Business Advisory Committee presented to the House on the 5th May, 1970."

MR. SPEAKER : The question is :

"That this House do agree with the Forty-ninth Report of the Business Advisory Committee presented to the House on the 5th May, 1970."

The motion was adopted.

12.50 hrs.

FINANCE BILL, 1970—(contd.)

Clause 3—Contd.

MR. SPEAKER: We shall now take up the Finance Bill and at 4.30 all the clauses will be put to vote according to the allotment of time. All the remaining clauses will be guillotined at that time.

श्री हरबयाल देवगुण (पूर्व दिल्ली): अध्यक्ष महोदय, सरकार ने दिल्ली में देसी गेहूँ की कीमत बढ़ा दी है। (व्यवधान) 6 रुपए क्विंटल के हिसाब से गेहूँ की कीमत बढ़ा दी गई है, यह गरीब लोगों पर बहुत बड़ा आघात है। (व्यवधान)

अध्यक्ष महोदय : आप के पास क्वेश्चन आबर है, उस को भी डिबेट में बदला हुआ है, बड़ी मुश्किल से पांच छः होते हैं। उस के बाद शार्ट नोटिस होता है। फिर कालिंग अटेंशन होता है जो कुछ साल पहले बिल्कुल नहीं होता था। इस के बाद भी आप को तसल्ली नहीं होती है तो फिर तो बड़ी मुश्किल है।

श्री कंवर लाल गुप्त (दिल्ली सदर): नहीं, अध्यक्ष महोदय, यह बड़ा महत्वपूर्ण है। आखिर कुछ जस्टिस तो होनी चाहिए (व्यवधान)।

SHRI CHENGALRAYA NAIDU (Chittoor): I am talking about the business of the House. My discussion was postponed during the last session. This session is also coming to an end and I waited for such a long time.

MR. SPEAKER: The representatives of various parties assemble at the Business Advisory Committee and decide upon allotment of time and there should be no discussion of it in the House.

There were 10 or 15 pending motions and they all came up and were considered in the Committee.

These are the amendments to clause 3 which were moved yesterday: Nos. 1, 2 and 3 by Shri K. L. Gupta, 48 by Shri Dandekar, 94 and 95 by Shri Shiva Chandra Jha, 550, 551 and 552 by Shri Beni Shanker Sharma and 570 by Mr. Raghuvir Singh Shastri and 632 by Shri P. D. Himatsingka. There is no lunch hour today. We should remember that.

SHRI N. K. P. SALVE (Betul): What about 693 and 694 ?

SHRI BENI SHANKER SHARMA (Banka): As I was stating yesterday, many witnesses came and deposed before the Select Committee on the Taxation Laws Amendment Bill that much more was needed to be done to achieve its objectives. Here is an example. The Government itself is not satisfied. There are so many amendments in the Finance Bill which are complimentary and supplementary to the provisions in the Taxation Laws Amendment Bill.

This clause trying to define agricultural land in India and seeks define it through capital asset. But clause 2 (14) of the Income-tax Act does the same thing and that is sought to be linked up with this clause here. Capital gains on agricultural land are defined there and it is sought to be amended through this Finance Bill, instead of through the Taxation Laws Amendment

Bill. Clauses dealing with income on agricultural land, capital assets excluding agricultural land, etc. are more akin to each other and those provisions should be contained in the Taxation Laws Amendment Bill and not in the Finance Bill. I shall just refer to what my friend the hon. Law Minister said at the time of replying to the objections raised by my hon. friend Shri Dandeker.

He said:

"It is true that there is a Taxation Amendment Bill now being considered by the Select Committee. Nothing which is being considered there is being included here. Here we have got only provisions with respect to collection of income-tax, wealth tax, gift tax, etc., for the coming year. It is not a permanent amendment to any of the statutes in our country. It is an amendment made for this year."

He further said:

"The clauses will have to be read one by one and the question has to be considered whether it is intended to collect tax for this year or intended to change the statutes in existence in the country. If there is any provision which then can be demonstrated to be not in the interests of tax collection but intention for amending permanently the statute law of the country, it can be considered then, not now."

If you bestow a little attention on this clause, you will find that according to what the Law Minister said, it should be incorporated in the Taxation Amendment Bill and not in the Finance Bill. This clause whereby the definition of agricultural land has been extended should be taken out from the Finance Bill.

Coming to the merits. By this provision, some artificial meaning is sought to be given to "agricultural land". It refers to land which is situated in a municipal town or in its vicinity within 8 km from the municipal town; notified area or cantonment, etc. So far as land situated in municipal towns and corporations are concerned, perhaps it can have some value of its own because that may be required for building purposes. But what about notified area committees? I come from a place where there is a notified area committee. It is a very small town

with a total population not exceeding 5000 to 6000. But to bring it within the purview of notified area committee, some villages two to three miles away have been included to connect it a notified area. There are vast stretches of land in between the town and the included villages which are all agricultural lands but which are within the notified area committee. What happens to these lands? If those lands are sold, they will attract capital gains.

MR. SPEAKER: There are 732 amendments and the time is only 3 hours. At 4:30 the guillotine is to be applied.

SHRI BENI SHANKER SHARMA: Sir, I will take a minute or two more. It affects our agriculturists. I submit that the population limit in this clause should be kept at one lakh instead of 10,000, so that villages within notified area committees are not brought within the mischief of this clause.

Then, so far as distance is concerned, it should be 2 km and not 8 km from the municipal limits. Again I would urge that such amendments should not be made through the Finance Bill, because the object of the Finance Bill is simply to give effect to the financial proposals of the Central Government for a financial year and to provide for certain connected matters. This is not a matter connected with the financial proposals and therefore, it should be taken out of the Finance Bill and incorporated in the Taxation Amendment Bill.

SHRI HIMATSINGKA (Godda): So far as this amendment is concerned, I feel that it is unconstitutional. List 1 of the Seventh Schedule says that all taxes, other than agricultural income-tax, will be within the purview of the Central Government. List 2 of the same Schedule provides that agricultural income-tax will be dealt with by the States. This certainly comes within the definition of agricultural income tax and, therefore, I do not know how the centre can deal with this and make agricultural income liable to wealth tax and income-tax. If we include this, I feel this would be unconstitutional. Simply because we try to include it by calling it urban property in the definition, that will not really change the character of the land. Agricultural land will continue to be agricultural land and income from that can be taxed only by the

[Shri Himatsingkar]

State; it cannot be taxed by the Centre. I feel this will be struck down by the courts. Therefore, this should be withdrawn and should not be pressed by government.

As regards amendment No. 632, Shri Dandekar has dealt with it and he has shown that no change should be made so far as advance tax is concerned. The rate is already high and it should not be increased.

श्री कमलनयन बजाज (वर्धा): अध्यक्ष महोदय, कृषि पर टैक्स लगाने की बात पर कानून के अलावा जो दूसरा सिद्धान्त आता है, वह यह है कि हमें अपने देहातों में रहने वाले लोगों का भला सोचना चाहिए। अगर शहरों से लोग देहातों की तरफ जाते हैं, वहां पर लेखक जाएंगे, व्यापारी जाएंगे या कोई भी जाए, यदि वे वहां अपनी शहरी आदत के मुताबिक मकान आदि बना लेते हैं, तो हमें उसको एन्क्रेज करना चाहिए। जिससे कि देहातों का विवास ज्यादा हो सके। वे लोग वहां जा कर गांव के लोगों को नई नई बातें सिखा सकें, पढ़ा सकें और देहातों के आर्थिक और सामाजिक तरीकों का उत्थान हो सके। शहरों के टैलेंट्स को देहातों की तरफ आकर्षित करने के लिए हमें उन को कुछ न कुछ सुभीता देना चाहिए, बजाए इसके कि हम इसमें कोई रुकावट डालें।

आप ने जो 8 किलोमीटर रखा है, वास्तव में यह 16 किलोमीटर हो जाता है, क्योंकि यदि कोई दो मुनिस्पैलिटी या कंन्टूनमेन्ट 16 किलोमीटर के एरिए में हैं और आबादी 10 हजार के ऊपर हो जाती है तो वहां से 16 किलोमीटर के बीच यदि कोई छोटा देहात भी होगा, तो वह भी इस के अन्दर आ जाता है। जब महात्मा जी ने साबरमती आश्रम छोड़ा और वर्धा गए तो वर्धा की पौपुलेशन 40-50 हजार के बीच में थी, मुझे पूरी तरह से याद नहीं है, लेकिन उस को ग्लोरिफाइड-विलेज महात्मा जी ने कहा था। तब से आज तक छोटे छोटे देहात भी वहां बढ़ते जा रहे हैं, यदि हम 10 हजार की आबादी को करेंगे तो इस से जो टैलेंट देहातों में जाना चाहिए,

वह रुक जाएगी और इस से देहातों के विकास को नुकसान होगा।

महाभारत में भी कृषि को बड़ा महत्वपूर्ण स्थान दिया गया है। खुद कृष्ण भगवान खेती किया करते थे, वरुणा से कृषि और कृषि से कृष्ण और कृष्ण से विसान शब्द बने हैं। बलराम जी किसान थे, हल चलाते थे और उन का सिम्बल भी हल था। रामायण में उल्लेख है—जनक जी भी हल चलाते थे। राम चन्द्र जी ने भी हल चलाने का प्रयास किया है। अहिल्योद्धार क्या था? ऐसी भूमि जिस पर हल नहीं चला था, उसे अहिल्या कहा है, वहां हल चला कर उस का उद्धार किया गया। भूमि को माता, स्त्री, माना गया है, उजड़ भूमि को पातक माना गया है, भगवान राम ने उस पर हल चला कर उस का उद्धार किया वह भूमि खिल उठी। अहिल्योद्धार का यह उद्देश्य है। इस लिए मेरा आप से अनुरोध है कि इस के महत्व को समझ कर खेती के ऊपर किसान के ऊपर विसी भी तरह की अड़चन न लगाएं, जिससे उन का आर्थिक और सामाजिक विवास रुके।

मैं मानता हूं कि हमारी प्रधान मन्त्री और वित्त मन्त्री जी की मन्शा यह नहीं है कि वहां के विकास में रुकावट पैदा हो जाए। अगर बड़े शहरों के लोग देहातों में जा कर बसने को तैयार हैं और बड़े शहरों में रहने के कारण यदि उसी तरह के मकान वहां बना लेते हैं तो उन को प्रोत्साहन दीजिए। यदि वे उन मकानों को वापस बेंचे तो वहां उन मकानों के दाम नहीं मिल सकते हैं, जो शहरों में मिलते हैं, तो फिर उन पर रुकावट क्यों डाली जा रही है। अगर कोई 5 लाख का मकान शहरों में बनाने के बजाए, देहात में जा कर बनाता है, तो बनाने दीजिए, इससे देहातों की रीनक बढ़ेगी, वहां का विकास होगा। आप को प्रयत्न करना चाहिए कि शहरी टैलेंट वहां जाए, रिटायर्ड आफिशियल्स वहां जाए, दूसरे लोग वहां जा कर बसें। इस लिए आप इस संशोधन को विद्वा कर लें तो अच्छा है।

SHRI K. SURYANARAYANA (Eluru): Mr. Speaker, Sir, several Chief Ministers of the States have advised the Prime Minister not to go in a hasty manner in levying agricultural tax on the rural agricultural sector. They proposed it in the National Development Council meeting. Now, how the Finance Department has advised the Prime Minister to levy tax on this sector? I am sure if the Finance Department had consulted the Agriculture Department they would not have advised to tax the agricultural rural sector in this manner.

There is no stability of land prices. They fluctuate. Some years back—three to four years back—the prices of land in Hyderabad had gone up tremendously but on account of the recent trouble the prices again have come down. Further, this measure will only affect the small farmers and not the big farmers. So, I request the Prime Minister to re-consider the request of the Chief Minister and drop this measure for the time being. The Chief Ministers and the Agriculture Department should be consulted as to how to fill up this gap.

MR. SPEAKER: I would request the Members to be very brief. The Members may make their suggestions in a minute or so otherwise the important clauses will be missed because we will have no alternative but to vote.

श्री शिव चन्द्र झा (मधुबनी): अध्यक्ष महोदय, नियम के मुताबिक जिन सदस्यों ने संशोधन दिए हैं उनका फर्ज हो जाता है कि वह अपने संशोधन पर बोलें। उनके अलावा आप भी अगर समझते हैं कि कुछ सदस्य और बोलें तो आप एक-दो को इजाजत दे दें। लेकिन जब आपने गिलोटीन रखा है, हालांकि हम उसके हिमायती नहीं हैं, तो जिन सदस्यों के संशोधन हैं उन्हीं को आप महदूद रखें और थर्ड रीडिंग में आप दूसरों को मौका दे सकते हैं।

अध्यक्ष महोदय: मुझे डर लगता है कि अगर मैं रूलिंग दे दूँ तो कहीं कल आप ही यह न कहें कि आप दूसरों को मौका क्यों नहीं देते हैं। वैसे मैं आपकी बात को मानता हूँ।

SHRI K. NARAYANA RAO (Bobbili): I am not prepared to concede to the point raised by my hon. friend that only those Members have the right to speak on the clauses who have given notice of amendments. The other Members also have the right to participate in the discussion on the clauses.

Coming to this particular clause, certain constitutional objections have been raised. I feel so far as constitutional objections are concerned, there may not much force. But my objections are of a different type. As regards this particular amendment, it wants to widen the definition of the word "capital asset". The relevance of the capital asset is that it has been linked with what is called the capital gains. That is one of the items chargeable under the Income-tax Act. Therefore, it is not strictly a tax on agricultural property.

This capital gains tax arises where a particular property or a capital asset has been transferred. According to this amendment, the scope of it is widened and it includes even a small panchayat area provided it has a population of more than 10,000. Even a small panchayat area consisting of more than 10,000 people has been attracted by this particular amendment. Therefore, any transaction, even agricultural land if it is transferred, has been attracted by this amendment. Not only that. It has a second limb also and that is the Government by a notification can also include an area extending upto 8 km. Therefore, almost all rural areas have been covered. It is not strictly an agricultural income nor it is a tax on the capital value of the particular land. It is what is called the capital gains. It is strictly a tax on the transaction or the sale process.

As a matter of fact, this includes a very wide area covering a number of assesses in this country. Most of them, I feel, are ignorant people. They do not know what the returns are. Even from ethical point of view, in this particular transaction, so far as land is concerned, there is already a tax, what is called a registration tax. It already attracts a particular amount of tax. Such being the case, to include this also is not proper. The object may be good. Of course, there may be such cases where an agricultural land may be converted into a

[Shri K. Narayan Rao]

housing site and the people may get a lot of profit out of that transaction. If you isolate such cases and treat them in an isolated context, it is all right. But if you want to apply it to all cases where small agriculturists are involved, it is far disproportionate a remedy which you want to seek.

Another factor is that there is the definition of capital gains arising out of the transfer of capital asset, etc. Supposing an ordinary peasant, within this area, sells a particular land, will you take the entire proceeds to be the capital asset? You will take only the gains? Therefore, the question will arise how this particular land comes into the possession of a particular person. Supposing 100 years ago a particular land came in possession of some person. Now, due to certain reasons, the value of the land might have risen. Will you deduct it?

Another point is that most of the people who sell agricultural lands, sell them under economic compulsions and out of necessity they sell land. Therefore, if you tax such persons who are already needy and who have to sell their properties for the sake of their immediate necessities, is it moral? It is like Shylock wanting his pound of flesh. Therefore, I plead with the Prime Minister to at least think and reflect on the consequences. You may restrict the scope but I feel such a wide coverage is going to create great hardship.

SHRI N. K. P. SALVE (Betul): I entirely agree with the inferences drawn by my hon. friend though I cannot agree with his reasons.

If you can levy the wealth tax on agricultural property, the capital gain is within the purview of and the competence of this House. There is one point to which I wish to draw the attention of the Prime Minister.

A distinction for the purpose of capital gain has been drawn on the basis of where the property is situated. If it is within the town or within 8 kilometres of the town, then it will come in for capital gains tax. Recently it has been found that people have developed an interest in Botany. It is very easy to understand. They are growing bananas. They are growing cauliflowers,

potatoes etc. If you analyse why this interest in Botany, then you will find it is ultimately to avoid tax. If this is to be checked, it is not on the basis of where the property is to be situated. It is to be on the basis whether or not the honest agriculturist is selling the property or whether it is such a new burden on those who has found a new interest in Botany. Therefore, I would request the Prime Minister to consider that the definition of capital gains tax on agricultural property be modified. If it is in respect of real agriculturist it should be exempt. If it is in respect of newly-found agriculturist who is finding interest in Botany only for the purposes of income tax, then without any exemption it should be brought to tax.

SHRI N. K. SOMANI : (Nagpur) : Sir, we are opposing this particular proposal on more than one ground. The first one is that it should legitimately belong to the States' sphere, a ground which has been made amply clear by a number of States as far as this levy is concerned. But, considering it from some other points of view, the capital gains tax is levied as a discouragement as a proposal of taxation, provided it checks bad and undesirable activities. Now, if somebody has made it a profession to purchase land and sell it for profit within a short time and frequently, then one can understand that Government should come with a proposal like this. Unfortunately what we are seeing is that for the sake of a very few people who indulge in these practices, the Government seek to take sweeping powers for the rest 99%. After all who is going to sell land? Land has become a precious commodity to-day. A person may want to change his occupation and sell his land and enter business or other occupation and I see no reason why there should be a penalty imposed on him.

Therefore, I would like to press that this particular provision which probably wants to arrest this tendency in particularly a very few hands should not be introduced either by an amendment of the definition or by any other means.

श्री तुलशीदास जाधव (बारामती) : अध्यक्ष महोदय, इस फ़ाइनेन्स बिल के तीसरे सेक्टर में क्लॉज 3 में यह दिया गया है कि

एग्रीकल्चरल लैंड जोकि किसी ऐरिया में जोकि म्युनिसिपैलिटी के हद्द के अन्दर स्थित हो और जिस ऐरिया की आबादी दस हजार से कम न हो और वह ऐरिया लोकल लिमिट्स से 8 किलोमीटर से अधिक न हो ऐसा एग्रीकल्चरल लैंड यदि बेचा जाएगा तो उस के ऊपर कैपिटल गेन का टैक्स लगेगा। अगर उस लैंड को कोई इंडस्ट्री सैट अप करने के लिए लेता है तो मैं टैक्स उस पर लगाना समझ भी सकता हूँ लेकिन जब एक काश्तकार दूसरे काश्तकार को ऐसे एग्रीकल्चरल लैंड को बेचता है और क्योंकि यह 8 किलोमीटर के अन्दर सब काश्तकार रहते हैं इसलिए उस के ऊपर यह कैपिटल गेन टैक्स रखना कोई मुनासिब बात नहीं है। अगर काश्तकारों को चार पैसे मिलें और उस की जमीन की कीमत थोड़ी ज्यादा हो तो उसे ब्रज नहीं करना चाहिए और यह कैपिटल गेन टैक्स उन पर रखना मुनासिब न होगा। इसलिए मेरी विनती प्राइम मिनिस्टर साहब से है कि वह इसे रिकंसिडर करें वरना यह गरीब काश्तकारों पर बड़ा जुल्म होगा।

THE PRIME MINISTER, MINISTER OF FINANCE, MINISTER OF ATOMIC ENERGY AND MINISTER OF PLANNING (SHRIMATI INDIRA GANDHI): Agricultural Income, as defined in the Income-tax Act, does not include Capital Gains arising from the transfer of agricultural land as hon. Members have stated. Further, Parliament is competent to amend the definition of agricultural income in the Income-tax Act. This position has been confirmed by the Attorney-General. Hence the extension of taxation to capital gains arising from the transfer of agricultural land is within the competence of Parliament. On Shri Kanwar Lal Gupta's amendment, I would like to say straightway that the small farmer is not really touched, but as the hon. Member said, only a very few come in this category and the intention is that areas outside the limits of municipality or cantonment would be notified only in the case of urbanisation and it justifies the inclusion of agricultural land in such areas within the scope of capital asset. It is not the intention to notify areas upto the limit of 8 K.Ms.

in the case of all municipalities and cantonments. Even where the population of the municipality or cantonment is below 2 1/2 lakhs, the pace of urbanisation may justify the inclusion of agricultural land outside the limits of the municipality or cantonment board within the term capital asset. Moreover in the case of major cities such as Bombay, Calcutta and Madras, areas outside the municipal limits may have already reached a stage of urbanisation which would justify their being included within the scope of this definition upto a distance of 8 K.M. The limitation of such distances at 3 K.M. will therefore not be justifiable in such cases.

So, these amendments are not acceptable.

Then, there was a question of transfer of capital assets by compulsory acquisition for a public purpose. This is not in any way a disadvantage to the owner of the assets. Rather it brings him a larger consideration than in the case of a sale of the assets to any other person. The same position holds good in respect of agricultural lands. There is no justification for giving any concessions in this regard.

SHRI KANWARLAL GUPTA: But, you are acquiring that compulsorily. How does the capital gains tax come in?

SHRIMATI INDIRA GANDHI: Then he gets the compensation.

श्री कंवरलाल गुप्त : कम्पेंसेशन मिलता है वह तो ठीक है लेकिन सवाल तो यह है कि जो जमींदार या किसान खुद अपनी जमीन न बेचना चाहें और सरकार उन से किसी इंडस्ट्री के लिए या किसी काम के लिए यदि उन की जमीन लेती है तो इस तरह से पहले तो उन की जमीन लेना ही गलत है दूसरे अगर सरकार लेती भी है तो फिर यह कैपिटल गेन टैक्स उन पर क्यों लगाना चाहिए यह कुछ मेरी समझ में नहीं आ रहा है। उन्हें तो इस से ऐग्जम्प्ट हो जाना चाहिए।

SHRIMATI INDIRA GANDHI: Is there any justification for making a distinction between agricultural land and other capital assets such as house property, non-agricultural land etc.? Due to the progress

[Shrimati Indira Gandhi]

of urbanisation and industrialisation, the land in urban areas has appreciated in value in recent year, and its exclusion from the purview of the taxation of capital gains gives room for speculative dealings in such lands. There may be an increase in price of land. The land which is not being used for agricultural purposes may be claimed as agricultural lands and the capital gains may be claimed to be exempt. So, this Bill seeks to close this loophole.

Therefore, this amendment of Shri Dandekar is not acceptable.

Shri Shiv Chandra Jha's amendment Nos. 94 and 95 are with regard to population. As regards the population—whether it should be 7,000 or 10,000/- it is a matter of judgment. The hon. Member there as also other hon. Members are seeking to increase it. If these amendments are to be accepted, then the genuine farmers engaged in agricultural operations may also come within the scope of taxation on the capital gains arising from transfer. Therefore, the amendments are not acceptable.

If Shri Himatsingka's amendment is to be accepted, especially of trusts—there is another provision in the Bill—then these will be subjected to tax on their income at 65%, and they would not be obliged to pay the advance tax at that rate and such taxes may have to be collected only on assessments in the subsequent year. So, this amendment is not acceptable either.

श्री कंवर लाल गुप्त : मैंने अपना अमेन्डमेंट दिया है और मैं ने उस पर अपने विचार रखे हैं। मुझे दुःख है कि प्रधान मन्त्री जी जितना उन्हें लिख कर दे दिया गया है उतना तो वह बतला देती हैं लेकिन उस के आगे वह नहीं बतलाती हैं। जब तक वह हमें संतुष्ट करने का प्रयत्न नहीं करेगी और हमारे प्वाएंट्स का माकूल जवाब नहीं देगी तब तक इस बहस से कोई मतलब हल न होगा। यहाँ जब उन से क्वैरी की जाती है और चूँकि वह उनके नोट्स में डील नहीं की गई है इसलिए महज लिखे हुए को पढ़ कर देने से आगे वह बतलाने को तैयार नहीं हो पाती है। ऐसी हालत में यह कैसे होगा ;

MR. SPEAKER: Order, order. The Ministers have always to refer to their notes. Even you cannot speak without referring to the notes.

श्री शिवचन्द्र झा : आखिर यह 8 किलोमीटर किस तराजू पर तोला गया है ?

श्रीमती इन्दिरा गांधी : कम्पेंसेशन तो मिलेगा।

SHRI MORARJI DESAI (Surat): May I ask a question ? The capital gains tax is to be paid at the rate of income-tax which a person is paying. All the genuine agriculturists will not be paying any income tax. So, how are they going to pay the capital gains tax ? (Interruption).

SHRI KANWARLAL GUPTA: Let the Prime Minister reply. Why are you speaking ? (Interruption).

SHRI N. K. SOMANI: The question has been posed to the hon. Prime Minister and not to you.

MR. SPEAKER: I request all of you to sit down. Why don't you allow the Prime Minister to speak ?

SHRIMATI INDIRA GANDHI: I think I mentioned this when I started my speech just now.

As regards capital gains tax, the first Rs. 5000 is exempt, and 55 per cent of the balance is taxed at rates applicable to ordinary income. As I said in my opening remarks, we are changing this definition of capital asset.

SHRI BENI SHANKER SHARMA: On a point of submission.....

MR. SPEAKER: I am not going to allow it.

SHRI BENI SHANKER SHARMA: The Prime Minister had replied.....

MR. SPEAKER: I am not allowing him.

As regards Shri Kanwar Lal Gupta's amendments, I would like to know which of them he is pressing.

SHRI BENI SHANKER SHARMA : Shri Himatsingka had not moved his amendment, but the hon. Prime Minister has replied to it.

SHRI KANWAR LAL GUPTA : I want division on amendment No. 3.

MR. SPEAKER : I shall now put amendment Nos. 1 and 2 to the vote of the House.

Amendments Nos. 1 & 2 were put and negatived.

SHRI KANWARLAL GUPTA : I want division on amendment No. 3.

SHRI LOBO PRABHU (Udipi) : Wh is he pressing for division ? We shall be wasting time on this. There are other amendments still to come in.

MR. SPEAKER : Does he want a division now ?

SHRI KANWAR LAL GUPTA : Yes.

MR. SPEAKER : The other day, we had agreed that if we sat during the lunch hour also, then normally we would not go in for division during that time. So, I would request the hon. Member to leave it as it is.

SHRI KANWAR LAL GUPTA : I have not followed what you have said.

MR. SPEAKER : We had agreed in this House the other day that we would not go in for any division during the lunch hour.

श्री कंवरलाल गुप्त : यह हमारा अधिकार है, इसलिए ऐसा तो आप मत कीजिए। यह बड़ा इम्पोर्टेंट अमेन्डमेंट है। मैं चाहता हूँ कि यह रेकार्ड हो कि हाउस में कौन किसका वोट करता है।

अध्यक्ष महोदय : हाउस तो यह फैसला कर चुका है कि लंच टाइम में डिवीजन नहीं होगा।

श्री कंवरलाल गुप्त : यह डिस्क्रिशन हाउस को नहीं है। आप रूल देखिए। अगर एक मेम्बर भी कहें कि डिवीजन हो तो न आप को डिस्क्रिशन है और न हाउस को।

MR. SPEAKER : He did not listen to what I was saying. I am very sorry that hon. Members are so impatient. We had agreed the other day that if we took up any business during the lunch hour, we would not call for any division during that time. If the House agrees to relax it, I can put it to vote now and call for a division.

SHRI MORARJI DESAI : May I suggest that it will not be right to refuse a division, but what can be done is that the division can be postponed to three o'clock? You cannot refuse a division because it is lunch hour now.

MR. SPEAKER : Then, of course, there is no other alternative except to...

THE MINISTER OF PARLIAMENTARY AFFAIRS AND SHIPPING AND TRANSPORT (SHRI RAGHU RAMAIAH) : Let us have the division just now.

SHRIMATI INDIRA GANDHI : It is up to you, Sir. We leave it to your discretion.

MR. SPEAKER : I think it will completely stop our work. We have no other alternative.

SHRI KANWARLAL GUPTA : If you are keen not to have a division, I do not mind, but it is my right.

MR. SPEAKER : I am going to put it to vote. There is no other alternative now, if the Member is pressing for it....

SHRI N. K. SOMANI : He is not pressing.

SHRI KANWAR LAL GUPTA : I am not pressing.

MR. SPEAKER : Then, I thank him very much.

I shall now put amendment No. 3 to the vote of the House.

The Amendment No. 3 was put and negatived.

MR. SPEAKER : I shall now put amendment No. 48 moved by Shri N. Dandekar to the vote of the House

The Amendment No. 48 was put and negatived.

MR. SPEAKER : I shall now put amendments Nos 94 and 95 to vote.

The Amendments Nos. 94 and 95 were put and negatived.

MR. SPEAKER : I shall now put amendments Nos. 550, 551 and 552 to vote.

Amendments Nos. 550, 551 and 552. were put and negatived.

MR. SPEAKER : I shall now put amendments Nos. 570 and 632 to vote.

Amendments Nos. 570 and 632 were put and negatived.

MR. 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 10)

SHRI SHIV CHANDRA JHA (Madhubani): I beg to move*:

Page 5, line 12,—after "illness" insert—"accident injuries" (96)

SHRI BENI SHANKER SHARMA: I beg to move: *

Page 5, line 8,—add at the end—"or of any co-operative society formed for the purpose of constructing and renting houses in cities and towns to ease the housing problem in the country" (553)

श्री शिवचन्द्र झा : अध्यक्ष महोदय, मेरा बहुत छोटा सा संशोधन है। जिस जगह ट्रस्ट्स बंगरह के बारे में इन्कम टैक्स से एग्जेंशन की बात आती है वहीं पर हास्पिटल जैसे इन्स्टिट्यूशन्स के एग्जेंशन की बात भी आती है। इसमें हास्पिटल जोड़ दिया गया है यह बहुत अच्छी बात है। मैं इस चीज का स्वागत करता हूँ। क्लॉज 4 में जो परिभाषा बखी है उस में इस प्रकार दिया हुआ है कि:

"Any income of a hospital or other institution for the reception of persons suffering from illness or mental defectiveness..." 13:38 Hrs.

(MR. DEPUTY-SPEAKER in the Chair).

मैं चाहूंगा कि इस में "इलनेस" के बाद "ऐक्सिडेंट इंजरीज" जोड़ दिया जाए। हास्पिटल तो आदमी जब बीमार होगा तभी जाएगा। लेकिन ऐक्सिडेंट होने के बाद भी तो आदमी इलाज के लिए जा सकता है। इसलिए मैं चाहूंगा कि इस प्रकार से कर दिया जाए कि:

"...illness, accident, injuries or mental defectiveness or for the reception and treatment of persons during convalescence..."

जो मेडिकल इन्स्टिट्यूशन्स है वह एग्जेंट रहेंगे, इसलिए इस क्लॉज को मेरे अमेंडमेंट के अनुरूप कर दिया जाए।

SHRI BENI SHANKER SHARMA: Under sec. 10 of the Income-tax Act, certain income is excluded from being taken into account in the total income of an assessee. This clause seeks to give exemption to any authority constituted in India by law for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both. This is a very laudable object. We are short of houses in the country. Income of such an authority constituted by Government is to be excluded. I simply want to add to this category the income of any co-operative society formed for the purpose of constructing and renting houses in cities and towns to ease the housing problem in the country. I think this is a salutary suggestion. It is not in the interest of any individual or company or any other assessee. I want this benefit extended to co-operative societies. This will give impetus to the construction of houses in the country which is the need of the hour. I hope the Prime Minister will accept this suggestion which is very reasonable.

SHRIMATI INDIRA GANDHI: With regard to Shri Jha's amendment, the Bill does cover institutions for the reception and treatment of persons requiring medical attention or rehabilitation. Hence the amendment is not necessary.

*Moved with the recommendation of the President.

श्री शिवचन्द्र झा : हस्पताल में इलनेस होगी तभी कोई जाएगा। इस में आप एक्सीडेंट इंजरी भी कर दें।

श्री नरेन्द्र कुमार साल्वे : लार्जर में छोटा इनक्लूडिड है।

SHRIMATI INDIRA GANDHI : It is included in this.

As for Shri Beni Shanker Sharma's amendment, Housing Boards are being exempted from tax on their income mainly on the consideration that they constitute an extension of the activities of the State Government, and the profits which they make do not accrue to the benefit of any private individual. Hence, there is no justification for exempting the co-operative societies merely on the ground that they construct houses and thereby will ease the housing problem in the country, an more than individuals, partnership firms or companies engaged in similar activities. However, I would like to remind the hon. Member that low cost residential units are now exempted from tax up to Rs. 600 per unit per year for three years, but there is a proposal under the consideration of the Select Committee to raise this limit to Rs. 1200 per year for five years.

MR. DEPUTY-SPEAKER : I put amendment Nos. 96 and 553 to the House.

Amendment Nos. 96 and 553 were put and negatived.

MR. DEPUTY-SPEAKER : The question is:

"That Clause 4 stand part of the Bill."
The motion was adopted.

Clause 4 was added to the Bill.

Clause 5—(Amendment of section 11)

SHRI KANWAR LAL GUPTA : I beg to move* :

Pages 5 and 6,—*omit* lines 18 to 40 and 1 to 11, respectively. (4)

Page 6,—*omit* lines 12 to 41 (5)

SHRI N. DANDEKER (Jamnagar) : I beg to move.*

Page 5, line 40,—

for "three months" substitute "six months" (49)

SHRI SHIVA CHANDRA JHA : I beg to move* :

Page 6, line 28,—

for "ten" substitute "five" (97)

SHRI LOBO PRABHU : I beg to move* :
Page 6, line 33,—

add at the end—

"or in any investment specified in Section 14 of the Finance Act, 1970" (313)

SHRI S. S. KOTHARI (Mandsaur) : I beg to move* :

Pages 5 and 6,—

for lines 19 to 40 and 1 to 11 respectively *substitute—*

"(i) in clause (a), for the words "twenty-five per cent.", the words "fifteen per cent." shall be substituted with effect from 1st day of April, 1971;

(ii) in clause (b), for the words "twenty-five per cent.", the words "fifteen per cent" shall be substituted with effect from 1st day of April, 1971;

(iii) in the Explanation for the words "twenty-five per cent" the words "fifteen per cent" shall be substituted with effect from 1st day of April, 1971; (351)

Page 5,—

after line 30, insert—

"(iii) after clause (b), the following proviso shall be inserted with effect from 1st day of April, 1971, namely :—

Provided that the restrictions specified in clause (a) or clause (b) of this sub-section as respects accumulation or setting apart shall not apply to income classified under the head 'capital gains;' (352)

*Moved with the recommendation of the President.

SHRI N. K. SANGHI (Jodhpur) : I beg to move* :

Page 6, line 28,—

after "years" insert—

"from the end of that previous year." (411)

SHRI BENI SHANKER SHARMA : I beg to move* :

Pages 5 and 6, for lines 18 to 40 and 1 to 11, respectively, *substitute*—

"(a) in sub-section (1), after clause (b), the following proviso shall be added, namely :—

"Provided that the money so accumulated or set apart is invested within a period of six months immediately following the previous year in any Government security or loans or by way of fixed deposit in any nationalised banks in the manner as may be prescribed." (554)

Page 6, lines 26 to 28,—

omit "and the period for which the income is to be accumulated or set apart, which shall in no case exceed ten years." (610)

Page 6,—

for lines 34 to 38, *substitute*—

"(c) for sub-section (3), the following sub-section shall be substituted namely:—

"(3) Any income referred to in sub-section (1) or sub-section (2) as is applied to purposes other than charitable or religious purposes as aforesaid or ceases to be accumulated or set apart for application thereto or is not utilised for the purpose for which it is so accumulated shall be deemed to be the income of such person of the previous year in which it is so applied or ceases to be so accumulated or so set apart." (611)

SHRI HIMATSINGKA : I beg to move* :

Page 5, line 24,—

for "1971" *substitute* "1973" (633)

Page 5, line 30,—

for "1971" *substitute* "1973" (634)

Page 6, lines 3 to 6,—

omit "[such option to be exercised in writing before the expiry of the time allowed under sub-section (1) or sub-section (2) of section 139, whether fixed originally or on extension, for furnishing the return of income]." (636)

Page 6, line 31,—

after "1944," *insert*—

"or in deposits in Banks or in Debentures" (637)

SHRIMATI INDIRA GANDHI : I beg to move* :

Page 6,—

for lines 29 to 33, *substitute*—

"(b) the money so accumulated or set apart is—

(i) invested in any Government security as defined in clause (2) of section 2 of the Public Debt Act, 1944 or in any other security which may be approved by the Central Government in this behalf, or

(ii) deposited in any account with the Post Office Savings Banks [including deposits made under the Post Office (Time Deposits) Rules, 1970] or a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in section 51 of that Act) or a cooperative

*Moved with the recommendation of the President.

[Shrimati Indira Gandhi]

society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank), or

- (iii) deposited in an account with a financial corporation which is engaged in providing long-term finance for industrial development in India and which is approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36;" (645)

Page 6, for lines 34 to 38, substitute—

"(c) for sub-section (3), the following sub-section shall be substituted with effect from the 1st day of April, 1971, namely:—

"(3) Any income referred to in sub-section (2) which—

(a) is applied to purposes other than charitable or religious purposes as aforesaid or ceases to be accumulated or set apart for application thereto, or

(b) ceases to remain invested in any security referred to in sub-clause (i) or deposited in any account referred to in sub-clause (ii) or sub-clause (iii) of clause (b) of that sub-section, or

(c) is not utilised for the purpose for which it is so accumulated or set apart during the period referred to in clause (a) of that sub-section or in the year immediately following the expiry thereof,

shall be deemed to be the income of such person of the previous year in which it is so applied or ceases to be so accumulated or set apart or ceases to remain so invested or deposited or, as the case may be, of the previous year immediately following the expiry of the period aforesaid." (646)

SHRI D. N. PATODIA (Jalore): I beg to move* :

Page 5 and 6,—

for lines 18 to 40 and 1 to 11, respectively, substitute—

"(a) in sub-section (1), after clause (b) the following proviso shall be inserted, namely:—

"Provided that the money so accumulated or set apart is invested during the period of six months immediately following the previous year in any Government security as defined in clause (2) of section 2 of the Public Debt Act, 1944 or in any other security or investment which may be approved by the Central Government in this behalf." (669)

SHRI N. K. P. SALVE : I beg to move* :
Page 5, line 31,—

for "Explanation" substitute "Explanations" (695)

Page 5, line 34,—

for, "Explanation" substitute "Explanation 1" (696)

Page 6, line 1,—

after "year" insert—

"or such period as the Income-tax Officer, in his discretion may extend" (697)

Page 6,—

after line 11, insert—

"Explanation 2.—For the purpose of clause (a) and (b) income from any such property as is referred to in the said clauses for any previous year shall be deemed to have been applied to charitable or religious purposes if such income is utilised for discharge of a debt or any other liability attached to any property held under trust." (698)

*Moved with the recommendation of the President.

Page 6,—

after line 11, insert—

“(aa) after sub-section (1) the following sub-section shall be inserted, namely,—

“(1A) Notwithstanding anything contained in sub-section (1) in any case where the accounts are maintained on mercantile system, and the Income-tax Officer is satisfied that the receipt of any income has not been wilfully deferred either by contract or otherwise, such income as is not actually received during the previous year shall not be included in the total income of the previous year shall not be included in the total income of the previous year of the person.”(699)

श्री कंबर लाल गुप्त : यह क्लोज चैरिटेबल ट्रस्ट के बारे में है। सरकार इस में कुछ संशोधन और कड़ापन लाना चाहती है। मैं इसको स्वीकार करता हूँ कि कुछ चैरिटेबल ट्रस्ट हमारे देश में हैं जो चैरिटेबल परपजिज के लिए काम नहीं कर रहे हैं। मैं यह भी मानता हूँ कि कुछ के सिस में जो फाउंडर्ज हैं वे उनका अपने मतलब के लिए, अपने तथा अपने परिवार के स्वार्थ के लिए उपयोग या दुरुपयोग कर रहे हैं। कई तरीके से वे ऐसा कर लेते हैं। जो पैसा उन में इकट्ठा हो जाता है वह अपनी इंडस्ट्री में लगा लेते हैं, उसका इंटरैस्ट कम देते हैं, उन में अपने आदमी रख देते हैं, ट्रस्ट की कोई प्रापर्टी हुई तो उसको बहुत सस्ते में किराए पर उठा देते हैं, अपने रहने के लिए सस्ते में इसको ले लेते हैं। इस प्रकार अपने तथा अपने

परिवार को लाभ पहुंचाने के लिए टैक्स इवेशन करते हैं, टैक्स एवायड करते हैं। यह काफी मात्रा में होता है, इसको मैं स्वीकार करता हूँ, लेकिन प्रधान मन्त्री इस बात को मानेंगी कि जो ट्रस्ट की प्रथा है या चैरिटी की जो प्रथा है, या धर्मार्थ कार्यों में पैसा लगाने की जो प्रथा है, वह काफी बड़ी मात्रा में देश में बहुत समय से चली आ रही है। वह काफी पुरानी है। वह सैकड़ों हजारों साल पहले की है। लोग अस्पताल बनाते हैं, स्कूल खोलते हैं, पाठशालाएं खोलते हैं, डिस्पेंसरीज खोलते हैं। मैं मानता हूँ कि इस में कुछ कड़ापन होना चाहिए और जो एवायडेंस या इवेशन है निजी स्वार्थों के लिए उसको प्लग किया जाना चाहिए, वह नहीं रहनी चाहिए, उसको बन्द किया जाना चाहिए। लेकिन ऐसा नहीं होना चाहिए कि उसको बन्द करते करते तो लोगों की स्पिरिट है चैरिटेबिल परपज के लिए मेरे पास जो पैसा है उस में से कुछ दिया जाए, कुछ दान किया जाए, लोगों के लाभ के लिए लगाया जाए, वह खत्म हो जाए।

मैं अनुभव करता हूँ कि विधेयक में जो यह बंदिश लगाई गई है कि जो इनकम होगी वह उसी साल में खत्म होनी चाहिए, वह उसी साल में चैरिटेबल परपज में लगनी चाहिए या आगे तीन महीने में और वह लग सकती है और अगर इस काल में नहीं लगती है तो उस पर टैक्स लगेगा जब तक कि स्पेशल परपज के लिए वह चीज रखी न गई हो, यह थोड़ा हार्ड है। ऐसा भी हो सकता है कि स्पेशल परपज भी न हो और उस साल में भी वह खत्म न हो और अगले साल भी अगर उसको लगाना हो तो उसके लिए नक्शा बनाना पड़ेगा, जहां तक इतनी सी बात का सम्बन्ध है, वह तो ठीक है। लेकिन यह कहना कि जब तक कोई स्पेशल परपज न हो और उसके बाद अगले साल के लिए भी अगर कोई चैरिटेबल परपज है और वह सैट परसेंट चैरिटेबल है और उस साल में प्रयोग न हो तो टैक्स लग जाएगा, यह मैं समझता हूँ कि थोड़ी सख्त

[श्री कंबर लाल गुप्त]

प्रोविजन है। इसी प्रकार और भी प्राविजंज हैं जिन से मुझे लगता है कि लोगों का इनिशिएटिव समाप्त हो जाएगा। दुख तो इस बात का है कि फाइनेंस मिनिस्टर ने कुछ आंकड़े हमारे सामने नहीं रखे। उनको बताना चाहिए था कि इतने ट्रस्ट हमारे देश में हैं, इतना रुपया उनके पास है, इस प्रकार से उसका दुरुपयोग हो रहा है और इसलिए इन प्राविजंज को लाया जा रहा है। वगैर कोई बेसिस बताए हुए मैं समझता हूँ कि यह उचित नहीं होगा कि इस तरह के प्रावधान किए जायें।

मैं यह भी समझता हूँ कि अच्छा यह रहता कि फाइनेंस बिल में इसको लाने के बजाए चूंकि इसका सम्बन्ध सैंकड़ों हजारों लोगों से है और लाखों लोगों को इसका लाभ मिलता है, जो संशोधन भी आप लाना चाहते हैं उनको आप इनकम टैक्स एमेंडमेंट बिल के तौर पर लाते। आपने अभी कहा है कि अगले साल से यह लागू चीज होगी। इस साल लागू नहीं होगी। अगले साल में इसको आप चाहते हैं, क्यों नहीं इस साल से चाहते हैं? अगर आप अगले साल से इसको लागू करना चाहते हैं तो आप एक एमेंडिंग बिल इनकम टैक्स एक्ट में ला सकते हैं और फाइनेंस बिल में इसको लाने की क्या जरूरत थी? वह बिल सिलैक्ट कमेटी में भेजा जा सकता था, लोगों की उस पर राय ली जा सकती थी और उनकी जो दिक्कतें हैं, उनका पता लगाया जा सकता था। उसके बजाए एक तरह से बैकडोर से आपने इसको फाइनेंस बिल में रख दिया है। यह उचित नहीं है। इस तरह का चीजों को, इस तरह के संशोधनों को फाइनेंस बिल में लाने की जो नीति है, यह बेसिकली गलत नीति है, गलत चीज है।

आपने इस में डिसक्रिमिनेशन भी किया है। दो तरह के ट्रस्ट आपने माने हैं। एक तो वे हैं जो 1962 के पहले बने थे और एक वे हैं जो 1962 के बाद बने थे। क्यों आपने यह डिसक्रिमिनेशन किया है? चाहे कोई ट्रस्ट 1962

के पहले बना हो या बाद में बना हो, अगर कोई उसका गलत इस्तेमाल करता है और टैक्स इवेशन करता है, तो क्यों न यह चीज उस पर लागू हो और क्यों न यह चीज दोनों पर लागू हो। यह डिसक्रिमिनेशन क्यों किया गया है, यह मैं प्रधान मन्त्री जी से जानना चाहता हूँ। मैं मांग करता हूँ कि इसको आप वापिस ले लें और इसकी जगह आप एक एमेंडिंग बिल लाएं इनकम टैक्स में ताकि उसको सिलैक्ट कमेटी में भेजा जा सके और लोगों की राय भी ली जा सके। जो इवेशन होता है वह भी बन्द हो जाए, लोगों को तकलीफ भी न हो, उनकी स्पिरिट भी न मरे, इस सब का आपको ध्यान रखना चाहिए।

SHRI D. N. PATODIA : Sir, I propose to speak on all the amendments Nos. 49, 669, 670 and 716. In spite of certain amendments moved by the Government relaxing some of the provisions with regard to investment of unspent income of the trusts, the fact remains that unless the unspent income is invested in the manner prescribed, it has got to be spent for charitable purposes within three months of the completing of the accounting period. This appears to be too rigid a prescription. There will be many practical difficulties due to which it may not be possible for a trust to spend it within three months. There are certain cases where due to the nature of the investment involved, the income cannot possibly be ascertained within three months of the finalisation of the year. Similarly, in some cases, although the income is ascertained, it is not actually received. For instance, dividend on shares is declared but not received within three months. Unless the amount is received within three months, it cannot possibly be spent. There have been cases where it has been necessary to go to court for obtaining approval for spending the amount. If you prescribe that the amount has got to be spent within three months of the closing of the year, it is going to be very hard. Beyond three months, the exemption will be withdrawn. Therefore, the period should be extended to a minimum of six months, to which I do not think there can be any objection from Government,

because the purpose will be served. Therefore, that amendment should be accepted.

Coming to amendment No. 670, I find the provisions of the Bill do not make any distinction between ordinary income and income derived from exchange or sale of capital assets. These are two separate types of income for all practical purposes. A charitable trust is expected to spend whatever is earned in the course of its normal activities. But there are certain cases where by way of sale and exchange of assets, the trusts acquire certain additional funds, and form additional capital. There should be a provision by which a distinction is made between these two types of income. Such income which is derived from sale or exchange of capital assets should be permitted to be accumulated without any restriction. I hope Government will accept this amendment also.

श्री शिव चन्द्र झा : उपाध्यक्ष महोदय, चैरिटेबल और रिलिजस ट्रस्ट का पैसा बेमसलब के लोगों में दुरुपयोग होता है। सरकार चाहती है कि जितना पैसा वास्तव में ऐसे ट्रस्ट के कामों के लिए खर्च किया जाता है, केवल वही इनकम टैक्स से एग्जैम्प हो और बाकी पर टैक्स लगाया जाए। सरकार का यह कदम अच्छा है, लेकिन बाकी इनकम को दस साल तक एक्ज्युमुलेट होने देने की जो व्यवस्था है, उस पर मुझे एतराज है। मैं समझता हूँ कि वह मियाद बहुत लम्बी है और उस को घटा कर पांच साल कर दिया जाए। मेरे संशोधन संख्या 97 का आशय यही है। सरकार पांच साल तक देखे कि ये ट्रस्ट हकीकत में कितना रुपया अपने काम के लिए इस्तेमाल करते हैं और इस व्यवस्था में कोई लूप-होलज तो नहीं है और रुपए का दुरुपयोग तो नहीं होता है। अगर इस अवधि में ट्रस्ट रुपए का अच्छी तरह से उपयोग करें, तो इस अवधि को बढ़ाया जा सकता है।

मैं कहना चाहता हूँ कि चैरिटेबल ट्रस्ट की बात तो हम समझ सकते हैं, लेकिन रिलिजस ट्रस्ट्स की बात समझ में नहीं आती है हिन्दुस्तान में रिलिजन के नाम पर बहुत

एक्स्ट्रेवेगेंस, फ़िज़ूलखर्ची और दौलत की बर्बादी की जा रही है। रिलिजन एक ओपियम है और यह बड़ी हैरानी की बात है कि इस ओपियम के लिए हिन्दुस्तान जैसे गरीब देश में इनकम टैक्स की छूट दी जा रही है। सरकार मठाधीशों और रिलिजस ट्रस्ट्स के विरुद्ध कोई सख्त कदम नहीं उठाती है। जरूरत तो इस बात की है कि धर्म सम्बन्धी इन सब कामों को बैं कर दिया जाए, लेकिन अगर सरकार में ऐसा करने की हिम्मत नहीं है, तो जब तक देश की अर्थ-व्यवस्था टेक-आफ़ स्टेज पर नहीं पहुँच जाती है, तब तक के लिए—कम से कम दस साल के लिए—धर्म के सम्बन्ध में छूट्टी की जानी चाहिए। सरकार वह तमाम दौलत अपने हाथ में ले ले, लेकिन मालूम होता है कि सरकार में वह हिम्मत नहीं है।

SHRI LOBO PRABHU : I have two amendments. But before I take them up I would like to place them in the context of the direct taxation proposals of the government. The total yield from all the proposals is expected to be, please note, Rs. 5 crores this year and Rs. 21 crores next year. We must realise the size of this task in the context of the total revenue which the government is getting, something like to Rs. 3,400 crores. For Rs. 5 crores this Government is proposing to destroy the whole industrial structure of this country; it is going to change the definition of agricultural land. What is the result of the change? There will be no house built because as soon as....

MR. DEPUTY-SPEAKER : We are not dealing with that clause now.

SHRI LOBO PRABHU : I am giving the general context. They have already dried up charity and now they are going to dry up investment and, consequently, production and also employment about which government is very much concerned. Yesterday the Prime Minister gave the figures, or avoided to give the precise figures, about inflation. She should have taken care of the impact of the taxation proposals on investment. There has hardly been any

[Shri Lobo Prabhu]

capital gains during the last few months. There is a strike of capital and the strike will grow as the taxation proposals become fully implemented. Therefore, I ask of the Prime Minister: why are you destroying the structure?

MR. DEPUTY-SPEAKER : I would say that this is not relevant to the clause under consideration.

SHRI LOBO PRABHU : I am giving the whole structure of industrial prosperity on which employment depends. That is being destroyed for a paltry Rs. 5 crores. Please see part B of the Finance Minister's speech.

I would like to say that this is nothing more than an academic exercise, ideological exercise. They think that they should soak the rich. But that is not enough. If you soak the rich, you destroy the poor. Please remember that. Without investment there will be no employment.

MR. DEPUTY-SPEAKER : He is not speaking on the clause.

SHRI LOBO PRABHU : I was examining the structure of the clauses. I have moved two amendments. One has already been supported by Shri Patodia. So, I do not want to traverse the whole ground. I only want to add this. In addition to income not being received, there is also the other factor, that the outlay may not be spent in three months. For instance, the scholarship amount may not be paid within three months because the financial year bends in March and the other year begins later. Therefore, I suggest a reasonable amendment that the time allowed for removing the disqualification to extended from three to six months. My next amendment is to reconcile Government's own proposals in respect of investments which are considered suitable from the point of view of capital formation and industrialisation. In this clause the investments of trusts are restricted under the Public Debt Act or in any other security which may be approved by the Central Government. I would like Government to consider why there should be two classifications. It would be better if you have single list of investments and I would, therefore, request you to accept this amendment.

SHRI HIMATSINGKA : I am pressing my amending amendments 635 and 636. Amendment No. 635 suggests that instead of three months provided it should be six months. Three months is much too short a time to allow the trust to spend the money and then it is circumscribed by the provision 'such option to be exercised in writing before the expiry of the time allowed under subsection (1)'. Therefore, practically the trustees will have to decide at the end of the year whether they will apply for that or not otherwise this advantage of three months will be lost. Therefore, instead of three months it should be six months and this option to be exercised in writing should not be insisted upon.

SHRI S. S. KOTHARI : According to the new Finance Bill in regard to the charitable trusts it has been provided that no amount shall be accumulated without the sanction of the ITO. My submission is that the rules should be framed by the Central Board giving clear directions to the ITO to give sanctions to all such applications for building hospitals, etc. within one month. Secondly, instead of 25% I have suggested that 15% shall be allowed to be accumulated without the sanction of the ITO.

SHRI N. K. SANGHI : A new direction actually has been given in the Finance Bill, 1970 in taxing charitable trusts. We have seen in the country there are large charitable trusts and people get lot of income from these trusts but the money is not really spent. The new amendment has tried to make these charitable trustees really spend that money which has been earned by these trusts. My simple amendment is that at the end of Section 11 clause (2) for clarification purposes these words may be added: "from the end of the previous year." Whenever we discuss the Finance Bill, we always make a provision of "from the end of the previous year". This is what I am appealing to the Prime Minister. To bring a clarification properly, this should be added.

SHRI N. K. P. SALVE : The proposed amendments are very laudable. I do not at all share the view of my hon. friend, Shri Kanwar Lal Gupta, that any *bonafide* trustees who do not use charitable money for

charities at home would have any difficulties. My suggestions contained in amendment Nos. 695 to 699 have three changes to suggest to rationalise and streamline the whole system.

The first change that I am seeking is that the ITO, under genuine circumstances, under compelling circumstances, should be given discretion to extend the time of 3 months. The trust is supposed to spend the money during the year. Suppose 3 months have been given. It is likely to create a great hardship. Even if an infinitesimal fraction of the income, say, Rs. 5, is not spent, Rs. 5 lakhs might be taxed. If the ITO feels that there is a genuine, *bonafide*, ground, he should extend the time at his discretion. It may be extended upto six months.

The second change which is very desirable is this that in case there is a liability attached, it should be provided for. Now, the entire income has to be spent by the trust. Several trusts have properties which have some liability attached to them. Suppose a house is made over to the trust which is valued at Rs. 10 lakhs. There may be the LIC loan of Rs. 1 lakh in that. There may be some other property in which there is a party paid-up share capital. If the entire incomes are to be spent towards charities, what about the redemption of the liability? Formerly, out of 25 per cent, the liabilities could be redeemed. Now, to take a more realistic approach in the matter, where a particular liability or debt is attached to the property that is with the trust, it is necessary to the extent moneys are spent, in respect of redemption of such liabilities, due provision should be made.

Finally, what my hon. friend Shri D.N. Patodia, put it in accounts language, where the accounts are kept on mercantile system, when a person keeps books of accounts on accrual basis, on 31st December, he takes into account the income which may accrue after six months. He may receive it after six months. In such cases, the terminology employed is, short of income duration. Due provision should be made in that regard also.

In all humility, I would submit to the Prime Minister that is a genuine difficulty

where books of accounts are kept on accrual basis, to take credit for such receipts which may come six months later.

I would request the Prime Minister to consider these three suggestions of mine which are to streamline and rationalise the system.

SHRI BENI SHANKER SHARMA:

This is an important measure intended to plug loopholes in the law relating to tax avoidance. The object is, of course, very laudable. I admit there are certain unscrupulous persons creating trusts who indulge in the habit of getting benefit out of the trust money.

If you go into the history of this section, I may point out that this Section was enacted in 1961. Prior to that all the income could be accumulated for the purpose of future charities. The Prime Minister knows that in India there are trusts which come to the aid of the Government in matters of education, health and accidental relief. It is to the advantage of the Government as well. Sometimes there are natural calamities like floods, famine or earthquake. The Government by itself is unable to cope with the big task, sometimes it is faced with. Therefore, though the general public funds are collected and there are certain trusts which also come forward. If in these trusts, the money is not accumulated, wherefrom will the money come to meet these emergencies like floods, earthquakes, famines etc. My submission is that instead of killing the germs of the disease, you should not kill the patient. Here, you are killing the patient and not the germs of the disease.

The whole object of this clause is that the money should not be utilised by unscrupulous trustees for their own benefit and this can be secured by the amendment I have proposed. My amendment is to add a proviso, namely:—

“Provided that the money so accumulated or set apart is invested within a period of six months immediately following the previous year in any Government security or loans or by way of fixed deposit in any nationalised banks in the manner as may be prescribed.”

This would serve the purpose quite well. This sufficiently guarantees against misuse of trust money. 25 per cent of income should continue to be allowed to be accumulated for meeting such emergencies, when there is a great demand for public charity because the Government is unable to meet from its own funds the needs and requirements of the affected people.

Therefore, Sir, instead of being harsh and not allowing these accumulation at all, please allow the accumulation and see that the accumulation is not misused. I will give you an example. In Government Departments we find that the Government sanction certain monies to be spent in a particular year. What do we find? We have seen—most of the hon. Members will bear me out—that on 31st March there is a competition to spend the whole money. That money is given to anybody and everybody. I don't know for what purpose. I have seen in my own constituency that they distribute the money right and left because they have got to spend the money. Then, one should have some time even in charity to determine the good cause in respect of which they want to spend money. Therefore, this accumulation clause should not be interfered with.

All I submit is that what is needed is to guard that this accumulated money is not misused. We have now nationalised banks. This money may be put in them and it can be used for nation-building purposes as well, when finally, 25% of the accumulation could be canalised for better permanent charitable purpose.

SHRIMATI INDIRA GANDHI : These amendments seek to achieve the following objectives :

Charitable and religious trusts will be permitted to invest the accumulated income in deposits in post office savings banks, scheduled banks, co-operative banks as also in approved long term financial institutions such as State financial corporations.

Such trusts will be permitted to spend the accumulated income at any time during the period of accumulation or during one year following the expiry of the period of accumulation for the specified purposes.

In a case where the accumulations are withdrawn from the activities specified in (i) above and invested in any form, the exemption will cease to be operative.

Now it is far from our intention that the spirit of charity should dry up. On the contrary, we do hope that charitable trusts would be more charitable and help the Government in its work.

SHRI KANWAR LAL GUPTA : You should also be charitable to them.

SHRIMATI INDIRA GANDHI : All members including Mr. Kanwar Lal Gupta have conceded that there has been misuse in some cases. How big it is, it is difficult to say. But there is widespread feeling in the country and the matter has been raised on the floor of the House many times.

Somebody mentioned that some more things should be accommodated or time should be stretched. Something like scholarships could always be accommodated in the purpose of trusts.

I think Mr. Kothari or somebody raised the question of taking the sanction of I.T.O. There is a misunderstanding. There is no question of having a sanction. I. T. O. is only to be informed about that.

SHRI S. S. KOTHARI : If he is informed, is it enough?

SHRIMATI INDIRA GANDHI : Any change in the accounting system could be allowed by the ITO and if there is any genuine and good cause, that could also be considered. Some of the amendments of Shri Kanwar Lal Gupta are contrary to the basic purpose underlying this Bill, that is, exemption from tax on income only if it is applied for the purposes of Trusts. So I cannot accept the amendments. Then another point was raised to extend the period to 6 months. Trusts which maintain their accounts according to the financial year would not be in a position to furnish the return of income before the 1st October and this would delay examination of the case of such Trusts to determine whether they qualify for exemption.

SHRI D. N. PATODIA : Sorry for the interruption. The relaxation is with regard to spending part of it only. Income will be ascertained within the accounting year by a system of maintaining accounts on mercantile basis. There will be no problem with regard to filing of assessment and scrutiny of accounts.

SHRIMATI INDIRA GANDHI : Accounting system can be changed, if necessary. The period of three months under the Bill is sufficient for a Trust to apply its income. Extending the period will not serve the purpose. If you cannot do it in three months you cannot do it in 6 months or longer.

SHRI D. N. PATODIA : It makes a difference.

SHRIMATI INDIRA GANDHI : Then, Shri Shiva Chandra Jha asked for reduction in the period of accumulation. We feel this will cause undue hardship in cases where the trust wants to accumulate for construction of school, hospital etc. These amendments are not acceptable.

SHRI S. R. DAMANI (Sholapur) : In the case of a Trust, suppose, the Trust happens to spend more than the income in one year, say, for the construction of hospital. It spends more than its income in that particular year. Will the excess be adjusted against the next year's income ?

SHRIMATI INDIRA GANDHI : It can be looked into.

MR. DEPUTY-SPEAKER : Shall I put all the amendments to vote ?

SHRI N. K. P. SALVE : I wish to withdraw my amendments.

MR. DEPUTY-SPEAKER : Has the hon. Member the leave of the House to withdraw his amendments ?

SOME HON. MEMBERS : Yes.

(Amendment Nos. 695 to 699 were by leave, withdrawn.)

SHRI N. K. SANGHI : I want to withdraw my amendment.

MR. DEPUTY-SPEAKER : Has the hon. Member the leave of the House to withdraw his amendment ?

SOME HON. MEMBERS : Yes.

Amendment No. 411 was, by leave, withdrawn.

MR. DEPUTY-SPEAKER : I will now put Shri S. C. Jha's amendment No. 97 to the vote of the House.

Amendment No. 97 was put and negatived.

MR. DEPUTY-SPEAKER : I will now put all the other amendments, excepting Government amendments to the vote of the House.

Amendments Nos. 4, 5, 49, 313, 351, 352, 554, 610, 611, 633, 634, 636, 637 and 669 were put and negatived.

MR. DEPUTY-SPEAKER : The question is:

Page 6,—

for lines 29 to 33, substitute—

'(b) the money so accumulated or set apart is—

(i) invested in any Government security as defined in clause (2) of section 2 of the Public Debt Act, 1944 (18 of 1944) or in any other security which may be approved by the Central Government in this behalf, or

(ii) deposited in any account with the Post Office Savings Bank [including deposits made under the Post Office (Time Deposits) Rules, 1970] or a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act) or a cooperative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank), or

(iii) deposited in an account with a financial corporation which is engaged in providing long-term finance for industrial development in India and which is approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36.”; (645)

Page 6, for lines 34 to 38, substitute—

“(c) for sub-section (3), the following sub-section shall be substituted with effect from the 1st day of April, 1971, namely:—

“(3) Any income referred to in sub-section (2) which—

(a) is applied to purposes other than charitable or religious purposes as aforesaid or ceases to be accumulated or set apart for application thereto, or

(b) ceases to remain invested in any security referred to in sub-clause (i) or deposited in any account referred to in sub-clause (ii) or sub-clause (iii) (b) of that sub-section, or

(c) is not utilised for the purpose for which it is so accumulated or set apart during the period referred to in clause (a) of that sub-section or in the year immediately following the expiry thereof,

shall be deemed to be the income of such person of the previous year in which it is so applied or ceases to be so accumulated or set apart or ceases to remain so invested or deposited or, as the case may be, of the previous year immediately following the expiry of the period aforesaid.”; (646)

The motion was adopted.

MR. DEPUTY-SPEAKER : The question is:

“That Clause 5, as amended, stand part of the Bill.”

The motion was adopted.

Clause 5, as amended, was added to the Bill.

Clause 6—(substitution of new section for section 13).

MR. DEPUTY-SPEAKER : Now, we shall take up clause 6.

SHRI KANWAR LAL GUPTA : I beg to move*:

Page, 9, line 9,—

for “five ” substitute “fifteen”(6)

SHRI D. N. PATODIA : I beg to move* :
Page 7, line 2,—

for “1971” substitute “1972” (50)
Page 7, line 22,—

for “(whenever created or established)”
substitute—

“(created or established after the commencement of this Act”) (51)

Page 7, lines 26 and 27,—

for “created or established before the commencement of this Act,”
substitute—

“(whenever created or established)”
(52)

Page 8,—

omit lines 29 to 32 (53).

SHRI SHIVA CHANDRA JHA : I beg to move* :

Page 9, line 30,—

for “twenty” substitute “ten” (98)
Page 9, line 37,—

for “twenty” substitute “ten” (99)

SHRI KANWAR LAL GUPTA : I beg to move* :

Page 8,—

after line 32, insert—

“Provided that nothing contained in this sub-section shall apply to the

*Moved with the recommendation of the President.

[Shri Kanwar Lal Gupta:]

income or property of the trust or institution or any part of such income or property which is deemed to have been used or applied before the 1st day of March, 1970 for the benefit of a person referred to in sub-section (3)" (301).

Page 9, lines 16 to 18,—

Omit "and for the purposes of this section "relative" also includes a lineal descendant of a brother or sister" (302)

SHRI LOBO PRABHU : I beg to move* :—

Page 7, line 35,—

after "sub-Section (1)" insert—

"after February 28, 1970" (314)

Page 8, lines 29 and 30,—

for "or continue to remain,"

substitute "after February 28, 1970", (315)

SHRI S. S. KOTHARI : I beg to move* :—

Page 9,—

for lines 5 to 14, substitute—

"(4) Notwithstanding anything contained in clause (c) of sub-section (1), and sub-section (2) the exemption under section 11 shall not be denied in relation to income in excess of fifty per cent, of the total income of the previous year of the trust or the institution:

Provided that in a case where clause (h) of sub-section (2), applies, and the aggregate of the funds of the trust or institution invested in a concern in which any person referred to in sub-section (3), has a substantial interest, does not exceed five per cent. of the capital of that concern, the exemption under section 11 shall not be denied in relation to any income other than the income arising to the trust or the institution from such investment, by

reason only that the moneys or the trust or the institution have been invested in a concern in which such person has a substantial interest, subject, however, to the overall limit on the denial of exemption provided in this sub-section." (355)

Page 9, line 30,—

for "twenty per cent." substitute—
"fifty per cent." (356)

Page 9, line 37,

for "twenty" substitute "fifty" (357)

Page 9,—

after line 38, insert—

"Explanation 4—For the removal of doubts, it is hereby declared that clause (h) of sub-section (2), of this section shall not apply to property in kind settled on or donated to a trust or institution." (358)

SHRI BENI SHANKER SHARMA : I beg to move* :

Page 7, line 40,—

omit "or continues to be," (555)

Page 8, line 2,—

omit "or both" (556)

Page 8, line 4,—

Omit "or continues to be" (557)

Page 8, line 6,—

for "during the previous year"

substitute "after 28th day of February, 1970" (558)

Page 8,—

for lines 29 to 32, substitute—

"(h) if any funds of the trust or institution are utilised in purchasing shares of a domestic company in which any person referred to in sub-section(3) has substantial interest." (559)

Page 9, line 9—

for "five" substitute "twenty" (560)

SHRI HIMATSINGKA : I beg to move* :

Page 8, line 30,—

for "during the previous year" substitute—
"after 29th day of February, 1970" (664)

*Moved with the recommendation of the President.

SHRIMATI INDIRA GANDHI : I beg to move* :

Page 7, after line 33, insert—

"Provided further that in the case of a trust for religious purposes or a religious institution (whenever created or established) or a trust for charitable purposes or a charitable institution created or established before the commencement of this Act, the provisions of sub-clause (ii) shall not apply to any use or application, whether directly or indirectly, of any part of such income or any property of the trust or institution for the benefit of any person referred to in sub-section (3) in so far as such use or application relates to any period before the 1st day of June, 1970" (647)

Page 8, for lines 29 to 32, substitute—

"(h) if any funds of the trust or institution are, or continue to remain, invested for any period during the previous year (not being a period before the 1st day of January, 1971) in any concern in which any person referred to in sub-section (3) has a substantial interest." (648)

SHRI N. K. P. SALVE : I beg to move* :

Page 7, line 37,—

after "clause," insert—

"in any previous year commencing from 1st March, 1970 or subsequent previous years," (700)

Page 8, lines 29 and 30,—

omit "or continue to remain," (701)
Page 8,—

after line 32, insert—

"Provided that this clause shall not apply to property in kind settled on or donated to a trust or institution." (702)

SHRI HIMATSINGKA : I beg to move* :
Page 8, line 30,—

after "invested" insert—"in equity shares" (731)

That in the amendment proposed by Shri matī Indira Gandhi printed as No. 648 in List No. 38 of amendments,—

for "or institution are, or continue to remain," substitute—

"are" (732)

श्री कंबरलाल गुप्त : उपाध्यक्ष जी, मुझे और कुछ नहीं कहना है, मैंने कह दिया है। मैं चाहता हूँ कि प्रधान मंत्री बता दें कि कितने ट्रस्ट हैं, उसका क्या इम्प्लीकेशन होगा, उसमें कैसे-कैसे गड़बड़ी होती है। इतना तो कम से कम वे बता दें।

SHRI D. N. PATODIA : Under the provisions of the Bill, a person will be deemed to have substantial interest if he, along with his relatives, contributes 20% of the voting rights of a trust. This appears to me to be not only too harsh but most unreasonable because the standard norms, all over the world, not only in India, are that when more than 50% of the interest is held by one person or a group of persons, only in that case, he is considered to be having a substantial interest. My amendment, therefore, seeks that the fact of holding a substantial interest should arise only when a person, along with his relatives, is holding not less than 50% of the voting rights. I hope that this is a very reasonable amendment which Government would do well to accept in accordance with the norms set up not only in India but everywhere else in the world.

श्री शिव चन्व झा : उपाध्यक्ष जी, मेरा कहना यह है कि एक्सप्लेनेशन 3 जो है, जिसमें बताया जाता है :

"For the purposes of this section, a person shall be deemed to have a substantial interest in a concern,...."

तो जो कन्सर्न होगा उसमें उसका इन्ट्रेस्ट है यह कैसे समझा जायेगा। इसकी सफाई दी जाती है और कहा जाता है :

"in a case where the concern is a company, if its shares (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits) carrying not less than twenty per cent....."

[श्री लिव चह सा]

बीस परसेन्ट उस आदमी का कन्सर्न में जो कम्पनी के रूप में है, उसमें उसका समझा जायेगा तो बीस परसेन्ट की जगह पर मैं दस परसेन्ट रखना चाहता हूँ। उसी तरह से एक्स्प्लेनेशन 3 का सब-सेक्शन (2) जो है उसमें भी बीस परसेन्ट है, उसको भी मैं दस परसेन्ट रखना चाहता हूँ। हिन्दुस्तान एक ऐसा देश है जहाँ पर दस परसेन्ट या बीस परसेन्ट इन्स्टेन्ट की क्या बात है? यहाँ पर व्यक्तित्व का बहुत बड़ा असर हो जाता है। किसी कन्सर्न में व्यक्तित्व के पहुँचने से ही मैनिपुलेशन की बात होती है। कितने शेरर हैं यह तो बहुत बड़ी बात हो गई। यहाँ पर जैसे कि हीरोशिप की बात चलती है, एक ही आदमी सभी को नचाता रहेगा। इसलिए मैं समझता हूँ 20 परसेन्ट की बहुत छूट दे दी गई है, उसको दस परसेन्ट ही रखें और तभी हम समझ सकते हैं कि चैरिटेबिल ट्रस्ट में उसका इन्स्टेन्ट है। इसलिए मेरा यही कहना है कि बीस परसेन्ट की जगह पर दस परसेन्ट कर दिया जाये।

SHRI LOBO PRABHU : I find that Government again accepted my amendment with some improvement. I had said that it should not have retrospective effect before 1st March, 1970. But Government have gone a step forward and said that this would have effect only after 1st June, 1970. It is a good thing that Government have realised that retrospective effect should not be given to penal provisions. I do not know whether I should thank Government or Government should thank me, because I think my amendment was earlier than theirs.

SHRI S. S. KOTHARI : I had tabled an amendment that this would have effect only from 1st July, 1970; this is relating to the restrictive provisions with regard to the trust income being invested beyond a certain limit in concerns which are controlled. The hon. Prime Minister has been kind enough to accept the amendment as it is; of course, the language has been changed, but we do not mind it at all. I thank her for it.

SHRI BENI SHANKER SHARMA :

I do not want to say anything on this, since my suggestion has been accepted more or less in principle.

SHRI HIMATSINGKA : The scheme of clause 6 seems to indicate that the intention of Government is to control the trustees from exercising the voting rights of shares and from taking any undue advantage from the shares or investments that they make, and, therefore, provisions have been made about interest and no salary being given and so on. I welcome these provisions.

As you know, sections 153B and 187B of the Companies Act provide that in a trust which has shares of the value of Rs. 5 lakhs or 25 per cent, whichever is less, the voting rights will be exercised by the public trustee and not by the trustees of the trust. There is ample provision to the effect that the trustees are not in a position to take any advantage of any holding of shares or any investment in the company. That has been taken care of by those two sections of the Companies Act. Therefore, that apprehension should not be there. In this clause, there is a discrimination to which I would like to draw the hon. Prime Minister's attention. There are certain investments which are made by the trustees from funds which they get and with which they buy shares of companies. There is another type of investment where the donors themselves divest themselves of the shares which they possess and which they give to the trust.

Therefore, there is a distinction. Money is not being utilised for purchasing shares, but shares themselves are being donated. Therefore, such shares donated to public charities should not be taken exception to, when you have prevented the trustees from exercising voting rights. That right has been taken away by sections 153B and 187B of the Companies Act. Therefore, the apprehension of trustees taking advantage from investment has been removed.

Therefore, I have suggested an amendment to amendment No. 648 by the Prime Minister. Amendment No. 648 says:

"If any funds of the trust or institution are, or continue to remain, invested for any period during the previous year (not being a period before the

1st day of January 1971) in any concern in which any person referred to in sub-section (3) had a substantial interest".

'Substantial interest' has also been defined. I have suggested in my amendment No. 732 that for "or institution are, or continue to remain," the word "are" may be substituted. That is to say, if any funds are invested by the trustees in the purchase of shares, that should be prevented, but if shares do come into the hands of trusts and they continue to remain, there should be no objection to that. Therefore, if the Prime Minister is good enough to accept my amendment, that will meet the point of the objection. That will take away any advantage the trustees might be intending to take by investing funds in purchase of shares.

As you know, a large number of shares are donated by donors because they have got shares and they part with them. As I said, voting rights have been taken away by the Companies Act, secs. 153B and 187B; even for small companies, the minimum of Rs. 5 lakhs or 25 per cent whichever is less. Therefore, there should be no objection to this.

Another thing I want to be cleared is about sub-clauses(2)(h), which says:

"if any funds of the trust or institution are, or continue to remain, invested for any period during the previous year in any concern in which any person referred to in sub-section(3) has a substantial interest."

Here I have suggested that the investment can only be in equities. That should be clarified because preference shares and loans or debentures have been excluded. What other shape can an investment take? Unless this is clarified, there will be difficulty. Therefore, I have suggested that after the word "investment," the words "in equity shares" should be added. I had explained it to the gentleman in the Department dealing with it, and he seemed to agree with it. I hope that my amendment will be accepted.

SHRI N. K. P. SALVE : In principle I have nothing to say excepting that in the amendment of the Prime Minister is an implicit concession that there is retrospectivity

in the provision in the Bill as it is, and therefore the time has been extended for converting the investment up to 1st January, 1971, but that does not take care of the entire difficulties which may come about.

A trust might be holding shares without any fault on its part because investments were not prohibited so far. It might be in possession of certain shares which it may not be able to sell. Suppose there are partly paid up shares and the company is in a very bad position. Who is going to purchase those shares? Assuming there is a loan given to somebody, which was not a prohibited transaction earlier and the money are not recovered by the trust despite the most *bona fide*, genuine intention of the trustees, what are they to do in circumstances like that? Do they keep on losing the exemption throughout for no fault of theirs in respect of investments made anterior in point of time to this amendment when such transactions did not entail the wrath of the Tax Department?

The second aspect which is really very important is the point raised by Shri Himatsingka. May I respectfully point out to the Prime Minister that yesterday while replying to the debate she herself said that the entire intent of this amendment is to ensure that the trustees do not divert the funds which are at their discretion to help other trustees or help the relations of the trustees. In other words, they are almost frustrating the purpose of the charities, but the way it is drafted it appears that it is not merely confined to such transactions where the trustees are diverting the funds of the trust, but if they accept donations of such shares as would be the shares of a company in which any of the trustees has substantial interest, or assuming that some shares are settled on the trust itself to start with, then it is likely that the exemption would be lost. I would request the Prime Minister that in harmony with what she herself said that the entire purpose of this enactment is to ensure that the funds at the discretion of the trustees are not diverted for other purposes, there should be no penalty if such shares are donated or initially settled on the trust by the trust owners.

DR. SUSHILA NAYAR *rose*—

MR. DEPUTY-SPEAKER : Your name is not there.

DR. SUSHILA NAYAR (Jhansi) : My name need not be there though it is there. I spoke on this yesterday and I want a clarification.

MR. DEPUTY-SPEAKER : Under the rules no member is barred, but we have agreed some time ago that because we are very much pressed for time, only those members who have moved amendments will make their submissions. If I allow you, I will have to allow others. I am only appealing to you. A gentlemen's agreement was arrived at.

DR. SUSHILA NAYAR : I have not entered into any agreement.

MR. DEPUTY-SPEAKER : With the permission of the House I am making an exception in her case. No other exception will be made.

SHRI PILOO MODY (Godhra) : Any time the Prime Minister wants to speak, let her speak.

MR. DEPUTY-SPEAKER : She is the Prime Minister, not a lady.

DR. SUSHILA NAYAR : She is still a lady, she does not cease to be a lady.

MR. DEPUTY-SPEAKER : I allow her because she is the Prime Minister and she had to reply.

DR. SUSHILA NAYAR : I have two points. I wish to support the amendment of Mr. Himatsingka. Some shares that might have been inherited by the trustees may have been donated by some of the trustees themselves out of their own companies earlier and now if they have to be disposed of within certain period it may lead to distress selling which will make the trust lose money and perhaps disturb the market also; apart from reducing the income of some of these trusts. This will be hard on the charitable institutions which had been running on the incomes derived from some of these investments.

Secondly, sub-clause (a) says: "any part of the income from the property held under a trust for private religious purposes which does not enure for the benefit of the public;". We want that the trustees should spend all

the money for the charitable purposes for which the trust had been created. But think of a case in which a trust has received a number of shares, with fifty per cent paid up capital and the other fifty per cent has to be paid for redeem these shares. If the trust spends money on that, will it be considered a charitable purpose? These shares had already been accepted under the existing law and part payment has been made and part payment is still due, will that be covered by the definition and not results in loss of income-tax exemption? Then suppose a building worth Rs. 10 lakhs is donated and there is a mortgage or debt of Rs. 50,000 on that building. If the charitable institution pays this, will that be covered by the definition of charitable purpose or will that involve them in the loss of their income-tax exemption. This is a very important point for those of us who are running some of these charitable institutions. These things should be clarified; otherwise people who are donating for charitable purposes will feel very insecure. Some little share not been disposed of in time may result in withdrawal of income-tax exemption, the money that they have donated to the institution under the impression that it was income-taxfree, will not be free from income-tax. People may withhold donations.

SHRI S. S. KOTHARI : That has been accepted.

DR. SUSHILA NAYAR : I have raised these two points. I hope in the cases I have mentioned it will not involve them in the loss of the exemption from income-tax.

SHRI BENI SHANKER SHARMA : Sir, just one word, about 531. The definition of the word 'relative' is extended here. How many definitions are we going to have for each word in the same Act. It has already been defined in section 2 (41) of the I. T. Act, 1961. Here is another definition. Are we going to have different meanings for each word in each section?

SHRIMATI INDIRA GANDHI : I do not think I have to move again 647 and 648. I have nothing much to say on these amendments. Hon. Members will recognise that the Government is always

reasonable when reasonable matters are brought up; it was not only Mr. Lobo Prabhu but other Members also who have discussed these matters with us and we have gone into them very carefully and tried to minimise any hardship which may be caused to any trust. As hon. members know, we have given a time-limit. We have extended the time for the change of portfolio. 20 per cent investment includes equity. We feel that any change might open out the possibilities of diverting the funds. I think this is all I have to say.

SHRI N. K. P. SALVE : If someone donates shares, will the shares forfeit the exemption ? If you clarify it on the floor of the House, it will be better.

SHRIMATI INDIRA GANDHI : For the previous existing trusts, we have given a time-limit. For the new ones, we will have to evolve something.

SHRI N. K. P. SALVE : My question is, if somebody donates in the form of shares, will the trusts forfeit the exemption ?

SHRIMATI INDIRA GANDHI : I think they will. They will have to sell the shares and give it.

MR. DEPUTY-SPEAKER : Now, there are a number of amendments.

SHRI S. S. KOTHARI : I withdraw my amendments.

MR. DEPUTY-SPEAKER : Has the hon. member the leave of the House to withdraw his amendments ?

HON. MEMBERS : Yes.

The amendment Nos. 355 to 358 were by leave, withdrawn.

SHRI LOBO PRABHU : I want to withdraw my amendments ?

MR. DEPUTY-SPEAKER : Does the hon. member have the leave of the House to withdraw his amendment ?

HON. MEMBERS : Yes.

Amendment Nos. 314 and 315 were by leave, withdrawn.

SHRI N. K. P. SALVE : I want to withdraw my amendments.

MR. DEPUTY-SPEAKER : Has the hon. member the leave of the House to withdraw his amendments ?

HON. MEMBER : Yes.

Amendment Nos. 700 to 702 were by leave, withdrawn.

MR. DEPUTY-SPEAKER : Shall I put the other amendments, except Government amendments, together ?

SHRI SHIVA CHANDRA JHA : Amendments Nos. 98 and 99 may be put separately.

MR. DEPUTY-SPEAKER : I will now put amendment Nos. 98 and 99 to the House.

Amendment Nos. 98 & 99 were put and negatived

MR. DEPUTY-SPEAKER : I will now put all the other amendments, except the Government amendments, to the House.

Amendment; Nos. 6, 50 to 53, 301, 302, 555 to 560, 644 and 731 were put and negatived.

MR. DEPUTY-SPEAKER : Before putting the Government amendments, I will put amendment No. 732 moved by Mr. Himatsingka to the Government amendments.

Amendment No. 732 was put and negatived.

MR. DEPUTY-SPEAKER : I will now put Government amendments Nos. 647 and 648.

The question is :

Page 7, after line 33, insert—

“Provided further that in the case of a trust for religious purposes or a religious institution (whenever created or established) or a trust for charitable purposes or a charitable institution created or established before the commencement of this Act, the

[Mr. Deputy-Speaker]

provisions of sub-clause (ii) shall not apply to any use or application whether directly or indirectly, of any part of such income or any property of the trust or institution for the benefit of any person referred to in sub-section(3) in so far as such use or application relates to any period before the 1st day of June, 1970." (647).

Page 8, for lines 29 to 32, substitute—

"(h) if any funds of the trust or institution are, or continue to remain, invested for any period during the previous year (not being a period before the 1st day of January, 1971) in any concern in which any person referred to in sub-section(3) has a substantial interest." (648)

The motion was adopted.

MR. DEPUTY-SPEAKER : The question is :

"That clause 6, as amended, stand part of the Bill."

The motion was adopted.

Clause 6, as Amended, was Added to the Bill.

Clause 7—(Amendment of Section 16).

SHRI KANWAR LAL GUPTA : I beg to move*

Page 10, line 15,—

for "Rs. 20;" substitute

"Rs. 30; or actual fare of the bus or suburban train, whichever is less;" (7)

SHRI N. DANDEKER : I beg to move*

Page 10, line 11,—

for "Rs. 200" substitute "Rs. 250" (54)

Page 10, line 14,—

for "Rs. 50" substitute "Rs. 75" (55)

Page 10, line 15,—

for "Rs. 20" substitute "Rs. 30" (56)

SHRI SHIVA CHANDRA JHA : I beg to move*

Page 10, line 11,—

for "Rs. 200" substitute "Rs. 100" (100)

Page 10, line 14,—

for "Rs. 50" substitute "Rs. 60" (101)

Page 10, line 15,—

for "Rs. 20" substitute "Rs. 35" (102)

SHRI S. S. KOTHARI : I beg to move*
Page 10, line 11,—

for "Rs. 200" substitute "Rs. 300" (359)

SHRI BENI SHANKER SHARMA : I beg to move*

Page 10, line 14,—

for "Rs. 50" substitute "Rs. 100" (563)

SHRI S. M. BANERJEE (Kanpur) : I beg to move*

Page 10, line 15,—

for "Rs. 20" substitute "Rs. 35" (575—
as modified).

श्री कान्वरलाल गुप्त : उपाध्यक्ष महोदय, जो संशोधन वित्त मंत्री जी ने सदन के सामने रक्खा है मैं उस का स्वागत करता हूँ, लेकिन उन्होंने जरा कुंजूसी से काम लिया है। पहले से जरूर इम्प्रूवमेंट है क्योंकि आप इस बात को मानेंगे कि इनकम टैक्स असेसीज में से अगर कोई सब से ज्यादा तकलीफ में होता है तो सैलरीड क्लास है। वह सब से ज्यादा हार्ड हिट होता है।

*Moved with the recommendation of the President.

सैलरीड क्लास का इनकम टैक्स बढ़ता जाता है। उस के लिये तो इवेजन्स का कोई स्कोप है नहीं क्योंकि उस की तन्द्वाह से ही इनकम टैक्स काट लिया जाता है। इस लिये जब भी इनकम टैक्स का रेट बढ़ता है तो उस पर वज्रपात होता है। हर साल वह अनुमान लगाते रहते हैं कि फाइनेन्स मिनिस्टर अब अपनी झोली से कौन सा सांप निकालेंगी। जहां तक कारपोरेशन टैक्स का सवाल है, मैं नहीं कहता कि उस को बढ़ाना चाहिये, लेकिन कारपोरेशन टैक्स में कई जगह इवेजन्स का स्कोप है। आप को मालूम है कि जितना कन्वेयन्स होता है वह किस प्रकार कारपोरेशन टैक्स में डाल दिया जाता है। एंटरटेनमेंट टैक्स भी कम्पनियों के खाते में लगाया जाता है। लेकिन सैलरीड क्लास तो इस तरह से इवेजन्स नहीं कर सकता क्योंकि उन का टैक्स तो शुरू में ही काट लिया जाता है।

जो संशोधन किया गया वह कुछ मात्रा में तो ठीक है। पहले जिस के पास साइकिल होती थी उस को आप केवल 5 रु० देते थे और जो पब्लिक वैहिकल्स बसेज या और गाड़ियां से आता था उस के लिये कोई कन्वेयन्स अलाउंस नहीं था, अब आप ने उस के लिये 20 रु० महीना रक्खा है। इस के ऊपर मेरा संशोधन यह है कि 20 रु० की जगह 30 रु० होना चाहिए। जो ऐक्चुअल फेवर हो या सुवरवन ट्रेन का किराया हो, उन में से जो कम हो वह होना चाहिये। आप देखिये कि दिल्ली, बम्बई, कलकत्ता और मद्रास जैसे जो चार पांच बड़े बड़े शहर हैं उन में भी सरकारी कर्मचारी रहते हैं। मैं जानता हूं कि अगर कोई आदमी अपने घर से सेंट्रल सेक्रेटेरियट आयेगा तो उस का आने जाने का किराया ही 1 रु० लग जायेगा। इसी तरह से जो बम्बई आदि में सुवरवन ट्रेन से आयेगा तो 1 रु० आने जाने का लग जाना मामूली बात है। लेकिन मैंने कहा

है कि 30 रु० और ऐक्चुअल फेवर में जो भी कम हो उस को मान लिया जाये। आप ने 20 रु० रक्खा है लेकिन खर्च तो 24-25 रु० पड़ जायेगा। इस लिए 20 रु० रखना गलत है। आप ने जो मैक्सिमम लिमिट 20 रु० रक्खी है उस में आप कंजूसी से काम न लें। जब आप इस बिल में कोई छूट देने जा रहे हैं तो उस को पूरी तरह से दीजिये। मैं सैलरीड क्लास के लिये विशेष रूप से कहना चाहता हूं। उस के मामले में आप को थोड़ा सा लिब्रली सोचना चाहिये। कारपोरेशन टैक्स में या दूसरे किसी और टैक्स में गड़बड़ी हो सकती है, लेकिन सैलरीड क्लास के द्वारा ऐसी कोई गड़बड़ी होने की सम्भावना नहीं है। इस लिये मैं समझता हूं कि प्रधान मंत्री मेरे संशोधन को मान लेंगी।

SHRI S. M. BANERJEE : Sir, with your permission, in amendment No: 575, which I have moved a little earlier, I want to delete the words "or actual fare whichever is more." So, the amendment will simply read: for "Rs. 20" substitute "Rs. 35."

SHRI D. N. PATODIA : My amendments seek to make some changes for improvement with regard to the allowances provided in the Bill for motor car, motor cycle and other vehicles. With regard to motor cars the Bill provides for a monthly deduction of Rs. 200 if there is no conveyance allowance given to the salaried people. In this respect, referring to the clause of the previous Act I find that there was a provision for Rs. 250 per month. I am sure the Prime Minister does not mean to suggest that the expenses of maintaining a motor car has been reduced; in fact, it has considerably gone up in respect of the cost of the motor car, in respect of repair and maintenance and also in respect of the cost of petrol. Similarly, with regard to scooters and motor cycles, the amounts provided, namely, Rs. 50 and in all other cases 20 are rather too inadequate. If any provision is at all to be made, it should be somewhat generous to make it meaningful. I have, therefore, suggested that motor-car allowance should be restored

[Shri D. N. Patodia]

back to Rs. 250. Scooter and motor-cycle allowance should be increased to Rs. 75/ and in other cases, as suggested by Mr. K. L. Gupta, it should be Rs. 30/-.

श्री शिवचन्द्र झा : इस में जो भी असेसीज हैं उन में से जिन की आमदनी मोटे तौर पर फिक्स्ड रहती है उन को छूट देने की बात है। मेरा संशोधन स्कूटर वाले जो हैं या साइकिल वाले हैं या जो बस आदि इस्तेमाल करते हैं उन की तकलीफों को कम करता है। जहां तक मोटर वालों को छूट देने का सम्बन्ध है, उन को 200 रु० की छूट है। मैं समझता हूं कि उन को इतनी छूट देने की जरूरत नहीं है। उन के लिये 100 रु० की छूट बहुत है। आखिर कितने लोग हिन्दुस्तान में मोटर रखते हैं। मैं खेतिहर मजदूर के रूप में जब अमरीका में था तब मेरे पास पैकार्ड गाड़ी थी, लेकिन यहां पर एम० पी० होने के बावजूद गाड़ी में चुनाव क्षेत्र में घूमना मुश्किल हो जाता है।

जो स्कूटर वाले छोटे लोग हैं जिन को सरकार आज 50 रु० की छूट देती है, उन को, मेरा संशोधन है, 60 रु० की छूट होनी चाहिये, लेकिन जो दूसरे लोग हैं जो बस का इस्तेमाल करते हैं या साइकिल से चलते हैं वह सब से नीचे के तबके के हैं, आज जो मीडल क्लास के लोग हैं उन में वह लोअर रंग के माने जा सकते हैं। उन के लिये ज्यादा छूट होनी चाहिये। उन के लिये 20 रु० बहुत कम है। अभी श्री गुप्त ने सरकार को चार्ज किया कि वह कंजूसी से काम ले रही है, लेकिन 30 रु० का प्रस्ताव रख कर उन्होंने भी अपनी कंजूसी दिखालाई है। मेरा संशोधन है कि इस को 35 रु० कर दिया जाये। अगर 35 रु० कर दिया जाता है तब लोग समझेंगे कि हां, इस बजट से हम को कुछ छूट मिली है।

मैं सुझाव देना चाहता हूं कि 200 रु० की जगह पर तो 100 कर दिया जाये,

50 रु० की जगह पर 60 कर दिया जाये और 20 की जगह 35 रक्खा जाय। तभी लोगों को कुछ फायदा पहुंच सकता है।

SHRI S. S. KOTHARI : I think if the Central Government employees and other employees who have salaried income are given more allowance it would be just and fair. I suggest that instead of Rs. 50/ it should be Rs. 75/- for the scooter and motor-cycle and for others instead of Rs. 20/- it should be Rs. 30/-.

SHRI N. K. SANGHI : For the first time the Prime Minister has tried to give some concession for the conveyance of the poorest section particularly those travelling by bus and scooter. In respect of motor-car it has been reduced from Rs. 250/- to Rs. 200/-. I want to submit that the savings from the car allowance to the exchequer is Rs. 20 to Rs. 25 whereas the exchequer loses only one or two rupees by the increase to the poorer section. Therefore, if we want to give advantage to the poorer section it should be more and reasonable. I suggest in respect of scooter it should be Rs. 75/- and those travelling by public conveyance it should be Rs. 30/-

SHRI BENI SHANKER SHARMA : As the price of petrol has been increased by now, the allowance for the motor-car should be increased from Rs. 200/- to Rs. 300/- and that in respect of scooter should be increased from Rs. 50/- to Rs. 100/-. For others the allowance should be Rs. 30/- instead of Rs. 20/-.

15 hrs.

I would only submit that so far as motor-car allowance is concerned, as regards businessmen, they are not very much affected by it. It affects only the officers' class. They will be affected because they drive their own cars. They cannot afford to keep drivers. An amount of 200 for petrol and other things is not sufficient. I would therefore again submit that it should be raised to Rs. 300 in the case of motor-cars; for scooters it should be raised from Rs. 50 to Rs. 100. For other vehicles, it should be raised from Rs. 20 to Rs. 30.

श्री स० मो० बनर्जी : मेरा संशोधन है कि 20 रुपये से 35 रुपये इसको किया जाना चाहिये। हमने देख लिया है कि प्रधान मंत्री भी कंजूस, गुप्त जी भी कंजूस, सांची साहब भी कंजूस। दो ही दिल वाले हैं एस० एम० बनर्जी और शिव चन्द्र झा।

हिन्दुस्तान में साइकल चलाने वालों की तादाद और खास तौर पर मध्यम वर्ग के लोगों की बहुत ज्यादा है, कर्मचारियों की बहुत ज्यादा है। साइकल पर हिन्दुस्तान का नक्शा हम देख सकते हैं। साइकल पर पूरा परिवार चलता है। सीट पर वह खुद बैठता है, पीछे बीबी बैठती है, राड पर बच्चा और सामने जो टोकरी रहती है उस में तरकारी भरी रहती है। सारा देश इसी तरह मूब करता है। अगर फैमिली प्लानिंग का वह पक्षपाती हुआ तो बीबी की गोद में बच्चा, राड पर बच्चा, सीट पर वह स्वयं और टोकरी में सब्जी वगैरह। इन्हीं को ज्यादा मिलना चाहिये। मोटर कार वालों के लिए दो सौ से तीन सौ देना गलत है। उनको न दिया जाए। बल्कि उनका सौ रुपया कर दिया जाए। लेकिन मध्यम वर्ग वालों की हालत को देखते हुए उनको यह रिलीफ अवश्य दिया जाए। कर्मचारियों के प्रतिनिधि जब उन से मिले थे तब उन्होंने सहानुभूति के साथ उनकी बात को सुना था। मैं निवेदन करता हूँ कि मेरे संशोधन को मान लिया जाए। मैं संशोधनवादी नहीं हूँ। लेकिन इस संशोधन को जरूर मान लिया जाना चाहिए। मैं आशा करता हूँ कि इस को मान भी लिया जाएगा।

श्रीमती इन्दिरा गांधी : कंवर लाल जी ने कहा कि मैं दिल बड़ा करूँ। मैं समझती हूँ कि पूरा बड़ा करना चाहिये।

These amounts of standard deductions are based on a broad judgment of expenses

likely to be incurred by the majority of salaried employees. But I am willing to accept amendment Nos. 101 and 102 of Shri Shiva Chandra Jha and also amendment No. 575 of Shri S. M. Banerjee.

MR. DEPUTY-SPEAKER : Now, I take up the amendments.

SHRI KANWAR LAL GUPTA : I want to withdraw my amendment.

MR. DEPUTY-SPEAKER : Has the hon. Member the leave of the House to withdraw his amendment ?
Amendment No. 7 was by leave withdrawn.

SHRI S. S. KOTHARI : I am withdrawing my amendment also.

MR. DEPUTY-SPEAKER : Has the hon. Member the leave of the House to withdraw his amendment ?

Amendment No. 359 was by leave withdrawn.

MR. DEPUTY-SPEAKER : Now, I put amendment Nos. 54, 55 and 56 in the name of Shri D. N. Patodia to the vote of the House.

Amendments Nos. 54 to 56 were put and negatived.

MR. DEPUTY-SPEAKER : I now put amendment No. 100 in the name of Shri Shiva Chandra Jha to vote.

Amendment No. 100 was put and negatived.

MR. DEPUTY-SPEAKER : Now, I put amendment Nos. 101 and 102 in the name of Shri Shiva Chandra Jha which are accepted by Government to the vote of the House.

SHRIMATI INDIRA GANDHI : Amendment No. 575 of Shri S. M. Banerjee also.

MR. DEPUTY-SPEAKER : That is the same as that of Shri Shiva Chandra Jha.

Now the question is:—

Page 10, line 14,—

for "Rs. 50" substitute "Rs. 60."
(101)

The motion was adopted.

MR. DEPUTY-SPEAKER :

Now the question is:

Page 10, line 157,—

for "Rs. 20" substitute "Rs. 35".
(102)

The motion was adopted.

MR. DEPUTY-SPEAKER : I will put amendment No. 563 standing in the name of Shri Beni Shanker Sharma to the vote of the House.

Amendment No. 563 was put and negatived.

MR. DEPUTY-SPEAKER : The question is :

"That clause 7, as amended, stand part of the Bill."

The motion was adopted.

Clause 7, as amended, was added to the bill.

New Clause 7A

SHRI S. S. KOTHARI : I beg to move* :
Page 10,—

after line 15,— insert—

"7A. In section 33, after sub-section(1), the following sub-section shall be inserted, namely:—

(1A) Notwithstanding anything contained in clause (b) of sub-section (1) of this section, the sum referred to in clause (a) of sub-section (1) shall be 35 per cent of the actual cost of the machinery or plant of the assessee where machinery or plant is installed for the purposes of business of manufacture or production of articles or things specified in items (32) and (33) in the list in Fifth Schedule, where it is installed before the 1st day of April, 1975." (407)

SHRI D. N. PATODIA : I beg to move* :
Page 10,—

after line 15, insert—

'7A. In sub-clause (B) of clause (b) of sub-section (1) of section 33 of the Income-tax Act, for the words "twenty-five per cent." wherever they occur, the words "thirty-five per cent." shall be substituted.'" (496)

SHRI S. S. KOTHARI : I beg to move* :
Page 10,—

after line 15, insert—

[Amendment of section 33.] 7A. In section 33,—
(i) after sub-section (1), the following sub-section shall be inserted, namely:—

"(1A) Notwithstanding anything contained in clause (b) of sub-section (1) of this section, the sum referred to in clause (a) of sub-section (1) shall be 35 per cent of actual cost of the machinery or plant of the assessee where machinery or plant is installed for the purpose of business of manufacture or production of articles or things specified in items (32) and (33) in the list in Fifth Schedule, where it is installed before the 1st day of April, 1975"; and

(ii) sub-section (1A) shall be numbered as (1B)." (573)

SHRI D. N. PATODIA : I beg to move* :
Page 10,—

after line 15, insert—

'7A. In clause (b), of sub-section (1) of section 33 of the Income-tax Act, for the figure "1970" wherever it occurs, the figure "1975" shall be substituted.'" (679).

SHRI S. S. KOTHARI : I am glad that the Prime Minister has shown considerable flexibility in accepting Mr. Jha's amendments.

With regard to this particular item, it relates to development rebate being reduced for priority industries from 35% to 25% from 1st April 1970. I shall be very brief, Sir.

May I mention that the Indian economy is poised for growth and the Government also want that investments should be stepped up. This development rebate of 35% ensures that investments are channelised into the priority sectors and these priority sectors are all important because they spearhead further industrial growth. Sir, in the U. K. they give investment allowances which are also very liberal. I would submit that in my humble opinion this is not the right time to scale down the development rebate. You can do it 4 or 5 years when the Fourth Plan is over because by that time you could have achieved a self-generating economy. It is wrong to scale down the development rebate. The Prime Minister is not correctly advised on that. I would submit that she should again make it 35% and my amendment may be accepted. If it is not accepted, let the Government consider it at a later stage and see that proper development rebate is given, because it is an incentive which directly helps the growth of industries. When an entrepreneur makes out a project, he prepares a sort of budget in respect of his tax benefits and what his liability is going to be and how much of profits he will make and he makes a projected balance sheet. In that budget, this is a very important factor. A few years back, I myself prepared certain budget of this nature and we found that the development rebate played a big role in deciding how investments should be channelised particularly in priority sectors. Therefore, I would reinforce my plea and request the Prime Minister to sympathetically consider increasing the rebate of 35%. This rebate cut is to become effective from April 1970, but it should be from April 1975; and the cut should be postponed as was done year after year in the past.

SHRI D. N. PATODIA : Sir, the question of development rebate is closely

connected with the question as to whether we want further growth of industries in our country. As it is, the growth is very much stagnated. On the one hand the Government are giving an impression that they are trying to do something by which this growth can be accelerated, and on the other we find with effect from 1st April 1970, the development rebate has been reduced to 25%. This one single action alone will be a tremendous disincentive for the growth of industry. Therefore, if we are really serious with the development and growth of industries in this country, we should see that maximum possible incentives are given. My amendments seek, therefore, to restore the previous position by which development rebate is put at 35% and is made applicable upto 31st March 1975. I hope the Government will accept it.

SHRI S. R. DAMANI : Ours is a developing country and this country needs so many industries for our economic development. Government have very rightly allowed development rebate and reduction in taxation and my only request is this that this should be continued for another 5 years so that the industry can be established quicker and the country can become self-sufficient. With this intention I had moved my amendment. I do not wish to press them.

SHRIMATI INDIRA GANDHI : These amendments are outside the scope of the Bill and are not consequential to any of the existing provisions in it. Reduction in the rate of development rebate after 31-3-70 was provided for in the law as early as 1965. Development rebate cannot obviously be a permanent feature of the tax system. A beginning has to be made sometime or the other towards reducing it, but I think, it is a very wrong attitude of mind to think that people will not invest in priority industries because Government is not giving incentive. They are making lot of money in other things and they should automatically think of using it to the best advantage of the country.

MR. DEPUTY-SPEAKER : I will now put amendment Nos. 407 and 573 to the vote of the House.

Amendment No. 407 and 573 were put and negatived.

MR. DEPUTY-SPEAKER : I will now put amendment Nos. 496 and 679 to the vote of the House.

Amendments Nos. 496 and 679 were put and negatived.

MR. DEPUTY-SPEAKER : I need not put 7-A as it is a new clause and all the amendments for insertion of this new Clause 7-A have been lost. We go to Clause 8.

Clause 8—(Amendment of section 35B.)

MR. DEPUTY-SPEAKER : The following amendments are being moved for Clause 8. Amendment Nos. 517 and 704.

SHRI BENI SHANKER SHARMA : I beg to move* :

Page 10, lines 17 and 18,—

for "and shall be deemed always to have been substituted, namely" substitute—

"Substituted with effect from the 1st day of April, 1971, namely" (517)

SHRI N. K. P. SALVE : I beg to move* :
Page 10, line 21,—

for "in connection therewith or" substitute—

"except" (704)

This relates to deductions under Income-tax Act, from 1-4-68. The clause says 'It shall be deemed always to have been substituted'. This is retrospective withdrawal of a certain concession which had been given. Sir, it is not a question whether the concession was right or wrong. But it is a question of adopting a sound principle of legislation. This concession was given for tax purposes from 1-4-68. If it is to be curtailed, let it be curtailed prospectively. To do it retrospectively would not be commensurate with good principles of legislation. That is my submission.

SHRI BENI SHANKER SHARMA : My amendment is the same as Mr. Salve's. Government is committed to the principles that no retrospective effect shall

be given to such provisions, and I want to remind the Prime Minister about the point made by the Finance Minister earlier. Such a provision should be made prospective and it should not have any retrospective effect.

SHRI S. R. DAMANI : Our export contracts are made for a long period.

SHRIS. R. DAMANI : As you remember the other day, we were told that our export of iron ore to Japan is for nine years upto 1979. In this event, if incentives are drawn retrospectively, then it will not be desirable to withdraw these incentives.

My submission is that Government should continue the incentives and whatever action they want to take that should be prospectively. This is my submission.

SHRIMATI INDIRA GANDHI : This was never the intention to include expenditure incurred in India in connection with export of goods or expenditure incurred on freight and insurance of goods within the category of expenditure for exports market development allowance.

There is no evidence that the Indian exporters have based their export prices on the availability of the weighted deduction. It is necessary to give retrospective effect to the proposed provision. Otherwise, this would result in an unintended advantage to the person who exports his goods on C.I.F. basis during the intervening period, while no such advantage will be available to the other exporters. Therefore, this will not be acceptable.

SHRI N. K. P. SALVE : I would like to withdraw my amendment.

Amendment No. 704 was, by leave, withdrawn.

MR. DEPUTY-SPEAKER : Now I shall put amendment No. 517 to the vote of the House.

Amendment No. 517 was put and negatived.

MR. DEPUTY-SPEAKER : Now the question is :

"That Clause 8 stand part of the Bill."

*Moved with the recommendation of the President.

The motion was adopted.

Clause 8 was added to the Bill.

Clause 9—(Amendment of Section 36)

MR. DEPUTY-SPEAKER : Now we shall take up clause 9. Are you, Shri Shiv Chandra Jha, moving your amendment No. 103?

SHRI SHIVA CHANDRA JHA : Yes, Sir. I beg to move* :

Page 10, line 32,—

for "twenty-five" substitute "fifteen" (103)

MR. DEPUTY-SPEAKER : I shall now put amendment No. 103 to the vote of the House.

Amendment No. 103 was put and Negatived.

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 37)

MR. DEPUTY-SPEAKER : Now, we shall take up clause 10.

SHRI N. DANDEKER : I beg to move* :

Pages 10 and 11,—

omit lines 42 and 43 and 1 and 2 respectively. (57)

Page 11,—

omit lines 3 to 8. (58)

Page 11,—

After line 28, insert—

"Provided further that nothing in this sub-section shall apply in relation to any guest house maintained by the assessee—

(a) upon land or in buildings comprised within his factory area or business premises; or

(b) in any place where, within a radius of ten miles from such guest house, there is no hotel approved by the Central Government under sub-clause (B) of clause (b) of sub-section (1) of section 33 of this Act:" (59)

SHRI SHIVA CHANDRA JHA : I beg to move* :

Page 11, line 33,—

for "one hundred" substitute—

"seventy-five" (104)

Page 11, lines 41 and 42,—

for "one hundred and eighty-two days" substitute "ninety days" (105)

SHRI N. K. SANGHI : I beg to move* :

Page 11, line 7,—

after "expenditure" insert—

"in excess of Rs. 5,000 in any previous year" (415)

Page 11,—

after line 37, add—

"(c) is maintained by an assessee at such place or places where hotel accommodation is not available within radius of five kilometres from the place or places of his business or profession," (416)

SHRI RAGHUVIR SINGH SHASTRI (Baghpat) : I beg to move* :

Pages 10 and 11,—

omit lines 42 to 43 and lines 1 to 8 respectively. (518)

Page 11,—

after line 28, insert—

"Provided further that nothing in this section shall apply to a guest house maintained by an assessee in a tea garden, sugar mill or within the precincts of a factory in town the population of which does not exceed two and a half lakhs and where no modern facilities for accommodation are available," (519)

SHRI D. N. PATODIA : I beg to move* :

Pages 10 to 12,—

for clause 10, substitute—

"10. In section 37 of the Income-tax Act, after sub-section (3), the following

*Moved with the recommendation of the President.

[Shri D. N. Patodia]

sub-section shall be inserted with effect from the 1st day of April, 1971, namely :—

'(4) Notwithstanding anything contained in sub-section (1) or sub-section (3),—

(i) no allowance shall be made in respect of any expenditure incurred by the assessee on the maintenance of any residential accommodation in the nature of a guest-house (such residential accommodation being hereafter in this sub-section referred to as "guest house");

(ii) no allowance shall be made in respect of depreciation of any building used as a guest house or depreciation of any assets in a guest house;

Provided that the aggregate of the expenditure referred to in clause (i) and the amount of any depreciation referred to in clause (ii) shall for the purposes of this sub-section, be reduced by the amount, if any, received from persons using the guest house :

Provided further that nothing in this sub-section shall apply in relation to,—

(i) any guest house maintained as a holiday home if such guest house—

(a) is maintained by an assessee who has throughout the previous year employed not less than one hundred whole-time employees in a business or profession carried on by him; and

(b) is intended for the exclusive use of such employees while on leave;

(ii) any guest house maintained at the place where the assessee is engaged in the raising or processing of raw material or the manufacture, processing or production of any article or thing or is maintaining any industrial establishment." ' (675)

Sir, my amendments are in respect of entertainment expenses and expenses on guest houses. Although the Prime Minister declared at the time of placing the budget proposals on the 28th February that there is no increase in the corporate taxation as many of my colleagues explained, there was in fact a change and increase in the rate of tax by way of reducing various allowances which were allowed to the companies earlier. If anybody says that the company or commercial concern does not have to incur

expenditure on entertainment or does not have to entertain the guests coming from various parts of the country, then he or she is completely ignorant of the real fact. The fact is that if any business is to succeed, if any industry is to grow, they have to incur this expenditure which is very unavoidable. It also applies in the similar manner to government departments or various ministries of the Government. I do not understand why such an allowance should not be given to the companies.

My amendments are therefore to see that with regard to entertainment expenses the previous position should be restored back. With regard to the guest houses wherever and whenever a guest house is built, within the factory premises or business premises or when from the guest house there is no hotel within a radius of 10 miles, in such cases, the expenses should be permitted.

While replying, the Prime Minister said that they are making a lot of money and so they should be able to spend. It was a very confusing statement by the Prime Minister that the corporate sector was making lot of money. After all, every thing gets reflected in the balance-sheet. Where is the surplus left with the corporate sector after such heavy taxation, to plough back for further investment and for the growth of the industry? So, it was a very misleading statement by the Prime Minister that the corporate sector was making a lot of money. I find that in the corporate sector there is not enough saying, and there is not enough left over after payment of tax to be ploughed back. That explains why industrial growth has been so much stagnant. That explains why new licence applications are not coming forward to Government. Therefore, they should think twice about this matter.

SHRI N. K. SOMANI (Nagaur) : I think Government are allergic to certain terms, and this time they have picked up entertainment and guest-houses. I do not know the revenue involved, but I think the amounts involved are not very large, by any calculation. But the whole question is one of fundamental considerations for the running of the business. I think it is extremely inequitable to prohibit

the expenditure on a particular legitimate activity. I can cite several examples. I am sure the Prime Minister is aware of them. There are marketing companies; there are advertising agencies; there are film production companies.

SHRI PILOO MODY : Architects also.

SHRI N. K. SOMANI : Yes, there are architects also. They have to entertain their clients in a legitimate manner. If you are entertaining your foreign guests in foreign countries, the principle is the same if you are entertaining your Indian clients here in India. I cannot understand why and on what basis this restriction has been imposed. Tomorrow, the Government may come forward any say that they would not allow any air-conditioning or furniture or painting charges in the office. This is just something as arbitrary as all that. Of course, one does recognise that there is a need to put a certain limit but it should be in reasonable proportions. But we find that when a company reaches a gross profit of Rs. 1 crore 70 lakhs, the maximum that was allowed was only a paltry Rs. 30,000 a year. Therefore, either Government should say that entertainment is completely an unconstitutional or an un-called for activity or not necessary at all, or certainly they should continue these small and legitimate allowances allowed so far.

SHRI PILOO MODY : It is a legitimate expense.

SHRI N. K. SOMANI : The second obnoxious part is in respect of guest-houses. There again, if certain people or certain business-houses have misused their guest-house facilities, it does not stand to reason that the entire corporate sector should have those facilities denied. After all, nobody wishes to come to New Delhi for fun. I think Government's aim is to demolish these guest-houses in New Delhi. But I make bold to say that there are more guest-houses here in Delhi belonging to the State Governments and public sector corporations and such other projects than there are belonging to the private sector. Nobody wishes to waste all his time here in the corridors of New Delhi by trying to wait and entertain and

by having a small office and thereby incurring infructuous expenditure, unless it is absolutely necessary. Therefore, to say that there will be no guest-house expenditure allowed, I think, is taking the matters too far. Again, I would like to reiterate my plea that because of the misuse of certain facilities and certain allowances by certain people, this tendency or the part of Government is absolutely uncalled for, and, I would, therefore, like that these two amendments should be certainly accepted.

श्री शिव चन्द्र झा : अध्यक्ष महोदय, यह गेस्ट हाउस बिल्कुल ही फिजूलखर्ची के होते हैं। इन को छूट होनी नहीं चाहिए। सरकार उस पर सस्ती करती नहीं, यह तो अच्छी बात नहीं है। हम लोगों का बस चले तो हम काफी सख्ती करेंगे उस पर। इसलिए गेस्ट हाउस में छूट होनी नहीं चाहिये। विधेयक में कहा गया है :

"is maintained by an assessee who has throughout the previous year employed not less than one hundred whole-time employees."

100 तो बहुत हो गया। जिन के मातहत 75 लोग हों वह भी काफी है और उन के गेस्ट हाउस में लागू नहीं होना चाहिए। और उस के बाद रेजिडेंशियल एकोमोडेशन में है, पेज 11 पर,

"residential accommodation in the nature of a guest-house shall include accommodation hired or reserved by the assessee in a hotel for a period not exceeding one hundred and eighty-two days during the previous year."

यह 180 दिन तो बहुत ज्यादा है। इस का आधा 90 दिन होना चाहिये, यह मेरे दो संशोधन हैं।

SHRI HIMATSINGKA : I am surprised to see the amendment in sub-cl. (2B) taking away the allowance in respect of expenditure in the nature of entertainment expenditure incurred after 28th February 1970. The present sec. 37 limits such expenditure to a paltry sum of Rs. 5,000 if the profits amount to Rs. 10 lakhs and another Rs. 10,000 if another Rs. 40 lakhs of profit

[Shri Himatsingka]

are made. That is to say, if a company makes a profit of Rs. 50 lakhs, it is entitled to an allowance of Rs. 15,000. If there is no profit, it is not entitled to any entertainment expenditure to be incurred.

SHRI PILOO MODY : What has it got to do with profit? It arises out of the compulsions of business.

SHRI HIMATSINGKA : It is provided in the Act itself. Taking away a small amount that would be spent by a company for entertaining guests or clients for business purposes is very unfair. Therefore, this amendment should not be there and the entertainment that is legitimately allowed under the present sec. 37 should be allowed to continue.

SHRI N. K. SANGHI : While replying to the debate yesterday, the Prime Minister said that she does not want to be a kill-joy, one can certainly spent by way of entertainment expenditure, but it will be taxed.

My submission is that certain people who can be taxed still have a lot of expenditure on entertainment, but what about the small businessman, the small shopkeeper who has very little income. If they are taxed for this purpose, that would really be hard on them. So I have suggested in my amendment that an expenditure upto Rs. 5,000 be allowed by Government while computing the profit. If this is done, I think it will be very satisfactory.

If we look into the historical background, in 1955, it was Rs. 1 lakh on a profit of Rs. 1.70 crores; it was reduced to Rs. 60,000 and later to Rs. 30,000. Now it has been completely denied to the small shopkeeper and the small businessman. The small man has also to incur entertainment expenditure. So this should be allowed as suggested in my amendment.

My second amendment is about a guest house maintained by an assessee at such place or place where hotel accommodation is not available, which place is far from cities and towns and where there is no other place for people to be put up except in guest houses maintained for this purpose. In such places guest houses should be allowed to be maintained.

SHRI BENI SHANKER SHARMA : As regards my amendment No. 519, I beg to submit that if you allow Hindustan Copper Ltd. to have a guest house in Khetri, why can you not allow the Indian Copper one at Ghatsila. When you allow Bhilai, Rourkela and Durgapur to have guest houses, why should it be denied to IISCO and TISCO. We have to be practical in these matters and not discriminate.

Sir, where there are other guest houses or hotels available, one could understand the restriction. In sugar mills and in tea gardens or in other factories situated at places away from towns, how and where one's guest is to live. Where is one to accommodate one's guests? So guest houses should be allowed to be maintained in at least, such places.

As regards entertainment expenditure, I think Government are allergic to it. If it is called as '*athidhi sarkar*' I do not think it will be obnoxious to Government. To offer tea, pan etc. to a guest visiting one's place is in keeping with Indian tradition. If one has to incur some expenditure, for such purpose, why should it not be allowed? Why should businessmen be prevented from incurring some expenditure in entertaining their customers? The allowances were very meticulously calculated under the present provision of sec. 37 and there is no reason why this should be changed now.

Of course, you can make some amendments here and there, but it should not be totally done away with.

SHRI N. K. SOMANI : I would like to ask what the Government would do in places where there is no hotel or other accommodation available. Should a factory be allowed to maintain a guest house or not?

SHRIMATI INDIRA GANDHI : As I said yesterday, even the affluent countries are now having second thoughts about expense accounts and so on. As far as the Government guest houses are concerned, we have been trying to give another look to it and reduce them to the extent possible. Most of these amendments run counter to the very objective under lying the provisions of the Bill, which is to curb lavish

expenditure on entertainment, and hence the amendments are not acceptable.

There is another amendment which detracts from the effectiveness of the provision and would lead to the continuance of the abuses. (*Interruptions*)

There is no bar on expenditure, but the only question is whether it is tax-deductible or not.

Shri Jha wanted the period of 182 days specified in the Bill to be reduced to 90 days. I do not think that this is necessary. However, we shall see how it works.

MR. DEPUTY-SPEAKER : I put the amendments to the House.

Amendments Nos. 57 to 59, 104, 105, 415, 416, 518, 519 and 675 were put and negatived.

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.

SHRI NATH PAI (Rajapur) : What happened to the amendment of Shri Sanghi? We thought it was an eminently useful amendment.

MR. DEPUTY-SPEAKER : I had put all the amendments to the House.

SHRI NATH PAI : If he was not serious, why did he speak about it ?

MR. DEPUTY-SPEAKER : Before we take up Clause 11, I would like to remind the House that according to the decision taken on the 13th March, the House had agreed to complete all stages of this Bill by 6.30 P. M. today, out of which two hours have been allotted for the third reading. So, we should complete the second reading by 4.30.

SHRI NATH PAI : After due deliberations only. No such mechanical schedule.

MR. DEPUTY-SPEAKER : Therefore, I would request the Members to kindly press only those amendments which they consider vital.

Clause 11—(Amendment of section 47).

SHRI N. DANDEKER : I beg to move* :

Page 12, for 7 and 8, *substitute—*

"(viii) any transfer of agricultural land in India, if the agreement for such transfer was entered into before the 1st day of March, 1970.

*Explanation :—*For purposes of this clause the expression 'agricultural land in India' shall have the meaning assigned to it in sub-clause (iii) of clause (14) in section 2 of this Act prior to its amendment by clause (a) of section 3 of the Finance Act, 1970" (60)

SHRI LOBO PRABHU : I beg to move*

Page 12, lines 7 and 8,—

omit "effected before the 1st day of March, 1970" (316)

SHRIMATI INDIRA GANDHI : I beg to move* :

Page 12, for lines 5 to 8, *substitute—*

Amendment of Chapter IV-E relating to capital gains.

11. In Chapter IV-E of the Income-tax Act,—

- (a) in section 45, for the words and figures "sections 53 and 54", the words, figures and letter "sections 53, 54 and 54B" shall be substituted;
- (b) in section 47, after clause (vii), the following clause shall be inserted, namely :—

"(viii) any transfer of agricultural land in India effected before the 1st day of March, 1970."

- (c) after section 54A, the following section shall be inserted, namely :—

Capital gain on transfer of land used for agricultural purposes not to be charged in certain cases.

"54B. Where the capital gain arises from the transfer of a capital asset being land which, in the two years immediately

*Moved with the recommendation of the President.

M17LSS/70—9

[Shrimati Indira Gandhi]

preceding the date on which the transfer took place, was being used by the assessee or a parent of his for agricultural purposes, and the assessee has, within a period of two years after that date, purchased any other land for being used for agricultural purposes, then, instead of the capital gain being charged to income tax as income of the previous year in which the transfer took place, it shall be dealt with in accordance with the following provisions of this section, that is to say,—

- (i) if the amount of the capital gain is greater than the cost of the land so purchased (hereinafter referred to as the new asset), the difference between the amount of the capital gain and the cost of the new asset shall be charged under section 45 as the income of the previous year; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase, the cost shall be nil; or
- (ii) if the amount of the capital gain is equal to or less than the cost of the new asset, the capital gain shall not be charged under section 45; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase, the cost shall be reduced by the amount of the capital gain." (649)

SHRI D. N. PATODIA : My amendment is of a clarificatory nature. The Bill provides that only that agricultural land will be exempt in respect of which transfer has been effected before 1st March, 1970. I am sure that the spirit behind this provision was that in respect of all genuine transfers the exemption will apply. My amendment, therefore, seeks that, whether the transfer has in fact been effected or not, once there was an agreement for transfer before 1st March, 1970, such agreement should tantamount to transfer and in respect of such agreement also it should not be made applicable.

SHRI LOBO PRABHU : When agricultural land was considered under clause 2 the Prime Minister explained that the

definition would not hit anyone because it would be effective only after the value of Rs. 1,50,000. The position here is in respect of capital gains where the exemption is only Rs. 5,000. Therefore, it means that this tax will hit everybody, rich and poor. Considering the socialist professions of the Government, I should like the Prime Minister and Finance Minister to consider carefully, it will not hit a poor man who has a land valued at Rs. 5,000 which he is compelled to sell. That is my first objection; this is a general one.

The next one is also a general one. If you put this capital gains tax on agricultural land it will have two consequences. The first will be that much of this agricultural land will be frozen; it will not be available for house construction. A person will say : why should I sell this land at the 1954 evaluation and lose 60 per cent of this to the Government; he would rather keep it hoping that some Government will come to power, like the Swatantra, which will be more reasonable and enable him to sell it at a proper price. You will be deprived of this land for residential purposes as long as this continues.

The second consequence will be that the existing practice of selling land under the table by under-stating its value will be accentuated. Today it is done for evading stamp duty, a small tax and after this Act it will be done for evading bigger taxes. There will be complete devaluation of land values and those sales that take place will be under the table.

Thirdly, what is the capital gains tax that you get? I do not know; I am subject to correction; I fail to find any figure but I think it is a small amount. For that small amount you should not go on placing these new restrictions on the conversion of agricultural lands in towns into residential lands.

Lastly, this is a point on which I am not so sure. I consulted the Secretariat on whether this word 'agricultural land' applies to all land or only to land as defined in clause 2. As it stands, it seems to apply to all lands and not to land as defined in clause 2, in which case, if some court holds that view and our Government follows that, no man in the country will be able

to sell agricultural land worth more than Rs. 5,000 without having to pay tax; it will be a drastic and very disastrous thing for any Government which claims to be socialist. The Prime Minister has been gracious and most reasonable which, I think, is the argument to have a lady as the Finance Minister and I do hope that the various arguments which I have given will appeal to her reason and make her turn her grace upon the poor people of this country who have a little agricultural land still left with them.

SHRIMATI INDIRA GANDHI : May I thank the hon. Member for all his compliments? He is trying to cajole me into accepting his amendments. As the hon. Member knows upto Rs. 5,000 there is complete exemption and above Rs. 5,000 it is at 55 per cent added to the income. My amendment seeks to provide for the exemption of capital gain arising from the transfer of any land situated in municipal or other urban areas which was being used by the tax payer or his parents for agricultural purposes during the two years immediately preceding the date of its transfer provided that the tax-payer acquires within a period of two years after that date any other land for being used for agricultural purposes. This should help at least to some extent.

The other amendments are not accepted by me.

MR. DEPUTY-SPEAKER : I shall now put amendment Nos. 60 and 316 to the vote.

Amendments Nos. 60 & 316 were put and Negatived

MR. DEPUTY-SPEAKER: The question is :

Page 12, for lines 5 to 8, substitute—

11. In Chapter IV-E of the Income-tax Act,—

Amendment of Chapter IV—relating to capital gains.

(a) in section 45, for the words and figures "section 53 and 54" for words, figures and letter "sections 53, 54 and 54B" shall be substituted;

(b) in section 47, after clause (vii) the following clause shall be inserted, namely :

"(viii) any transfer of agricultural land in India affected before the 1st day of March, 1970.";

(c) after section 54A, the following section shall be inserted, namely :—

"54B. Where the capital gain arises from the transfer of a capital asset being land which, in the two years immediately preceding the date on which the transfer took place, was being used by the assessee or a parent of his for agricultural purposes, and the assessee has, within a period of two years after that date, purchased any other land for being used of the capital gain being charged to income-tax as income of the previous year in which the transfer took place, it shall be dealt with in accordance with the following provisions of this section, that is to say,—

- (i) if the amount of the capital gain is greater than the cost of the land so purchased (hereinafter referred to as the new asset), the difference between the amount of the capital gain and the cost of the new asset shall be charged under section 45 as the income of the previous year; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase, the cost shall be nil; or
- (ii) if the amount of the capital gain is equal to or less than the cost of the new asset, the capital gain shall not be charged under section 45; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase, the cost shall be reduced by the amount of the capital gain." (649)

The Motion was adopted.

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.

Clause 12—(Amendment of Section 80C.)

SHRI SHIVA CHANDRA JHA : I move* :

Page 13, line 4, for "thirty", substitute "twenty" (106)

Page 13, line 6, for "fifteen" substitute "ten" (107)

MR. DEPUTY-SPEAKER : Shall I put them to the vote now?

SHRI SHIVA CHANDRA JHA : Yes.

Amendments Nos. 106 and 107 were put and Negatived.

MR. DEPUTY-SPEAKER : The question is :

"That clause 12 stand part of the Bill."

*The Motion was Adopted.
Clause 12 was added to the Bill.*

Clause 13—(Amendment of section 80G.)

SHRI S. S. KOTHARI : I move* :

Page 13,—

for clause 13, substitute—

"13. In section 80G of the Income-tax Act,—

(a) in clause (i) of sub-section (5), after the words, brackets and figures "Clause (22)," the words, brackets, figures and letter "or clause (22A)" shall be inserted;

(b) for *Explanation 2*, the following *Explanation* shall be substituted with effect from 1st day of April, 1971, namely :—

"*Explanation 2*.—For the removal of doubts, it is hereby declared—

- (i) That a deduction to which the assessee is entitled to in respect of any donation made to institution or fund to which sub-section (5) applies shall not be affected merely by reason of the fact that subsequent to the donation, the income of the institution or fund or any part thereof has become chargeable to tax due to non-compliance with

any of the provisions of section 11;

- (ii) that in the case of an assessee other than a person referred to in sub-section (3) of section 13, a deduction to which the assessee is entitled in respect of any donation made to an institution or fund to which section (5), applies shall not be affected merely by reason of the fact that subsequent to the donation, the income of the institution or fund or any part thereof has become chargeable to tax due to the application of clause (c) of sub-section (1), and sub-section (2), of section 13." (363)

I have compared amendment 363 with the Government amendment No. 650, and with some juxtaposition of words, they are exactly the same. Therefore, I thank the Prime Minister for accepting this amendment. The amendment provides that if a person makes a donation to a trust—

MR. DEPUTY-SPEAKER : Everybody knows it.

SHRI S. S. KOTHARI : Let me make it clear, Sir,—and due to noncompliance of section 11, if part of the income of the charitable trust becomes taxable, even then the donors would not be penalised and what they had donated to the trust shall be allowed as a deduction from income under the law in the prescribed manner. This is very good amendment, which has been accepted. I thank her for accepting the amendment.

MR. DEPUTY-SPEAKER : Do you withdraw your amendment?

SHRI S. S. KOTHARI : I withdraw my amendment.

Amendment 363 was, by Leave, withdrawn.

*Amendment made** :*

Page 13, for lines 7 to 10, substitute—
Amendment of section 80G.

*Moved with the recommendation of the President.

**Amendment made with the recommendation of the President.

'13. In section 80G of the Income-tax Act,—

(a) in clause (i) of sub-section (5), after the word, brackets and figures "clause (22)", the words, brackets, figures and letter "or clause (22A)" shall be inserted;

(b) for *Explanation 2*, the following *Explanation* shall be substituted with effect from the 1st day of April, 1971, namely :—

"*Explanation 2*.—For the removal of doubts, it is hereby declared that a deduction to which the assessee is entitled in respect of any donation made to a institution or fund to which sub-section (5) applies shall be denied merely on either or both of the following grounds, namely :—

(i) that, subsequent to the donation, any part of the income of the institution or fund has become chargeable to tax due to non-compliance with any of the provision of section 11;

(ii) that, under clause (c) of sub-section (1), of section 13, the exemption under section 11 is denied to the institution or fund in relation to any income arising to it from any investment referred to in clause (h) of sub-section (2) of section 13 where the aggregate of the funds invested by it in a concern referred to in the said clause (h) does not exceed five per cent. of the capital of that concern." (650)

(Shrimati Indira Gandhi)

MR. DEPUTY-SPEAKER : The questions is :

"That clause 13, as amended, stand part of the Bill."

The motion was adopted.

Clause 13, as amended, was added to the Bill.

Clause 14—(Substitution of new section for section 80L.)

SHRI D. N. PATODIA : I move* :

Page 13, line 27, for "Indian company" substitute "Domestic Company" (69)

Page 13, after line 27, insert

"(iva) interest on debentures of any domestic company;" (62)

SHRI SHIVA CHANDRA JHA : I move* :

Page 14, line 4, for "three thousand" substitute "five hundred"

Page 14, line 6 for "three thousand" substitute "five hundred" (109)

SHRI LOBO PRABHU : I move* :

Page 13, line 27, add at the end—

"and income from investments like building construction, industrial and agricultural development" (317)

Page 14, line 6, add at the end—

"or the excess of the total of Income and wealth taxes over total of income whichever is higher" (318)

SHRIMATI INDIRA GANDHI : I move* :

Page 13, line 29, omit "or". (651)

Page 13, for line 35, substitute "development bank"; or" (652)

Page 13, after line 35, Insert—

"(vii) interest on deposits with a financial corporation which is engaged in providing long-term finance for industrial development in India and which is approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36," (653)

SHRI D. N. PATODIA : Sir, here again, my amendments are of a very simple nature, trying to extend the scope of the provisions of the Bill. Instead of "Indian company" I want to substitute it by saying "domestic company", because a domestic company will also include Indian company.

The next important amendment is that whereas interest on deposits and dividends earned from Indian companies have been included, it appears the Prime Minister has forgotten to include interest on debentures.

*Moved with the recommendation of the President.

[Shri D. N. Patodia]

As share holding is important, so debentures are also important, and so are the deposits. Therefore, my second amendment on interest earned on debentures of any domestic company should also be included in the clause.

श्री शिव चन्द्र झा : उपाध्यक्ष जी, यूनिट ट्रस्ट से होने वाली इनकम में जो छूट देने की बात है उसकी अभी जो लिमिट है वह एक हजार है लेकिन अब उसको बढ़ाकर तीन हजार करने जा रहे हैं। जैसा कि मैं पहले भी कह चुका हूँ कि इसकी वजह से स्टॉक मार्केट में बड़ा जुविलेशन है। मेरा संशोधन यह है कि एक हजार की लिमिट को बढ़ाकर जो तीन हजार करने जा रहे हैं उसको तीन हजार तो करना ही नहीं चाहिए, बल्कि उस एक हजार की लिमिट को भी घटाकर पांच सौ कर देना चाहिये। पांच सौ से अधिक की छूट इसमें नहीं देनी चाहिए।

SHRI LOBO PRABHU : My amendment is fundamental and not simple like Mr. Patodia's. The country's economy consists of more than companies, corporations and Government. It consists of private institutions, private property in land, in agriculture and in industry. If encouragement is to be given only to companies and to Government as investor, I think firstly it is not fair to other investors. I would go a step further and say that it will draw away investments from other desirable directions. I refer in my amendment to three different investments which have the same, if not greater claim, on Government than companies, corporations and Government. The first is housing. If after this date anyone invests in housing, he should be entitled to the same exemption. Secondly, agricultural development. Someone invests in a tractor, thereby adding to the income of the owner and to the production of the country. Why do you make a distinction between one who invests in a tractor and another who is producing toothpaste? A person investing in toothpaste gets the exemption whereas a person investing in a tractor does not get it. There is some kind of oversight here.

would like the Prime Minister to agree to this amendment that it should include house construction, and industrial and agricultural improvements by individuals that is my first amendment.

My second amendment is also a very fundamental one, which relates to the limit you have fixed for these exemptions—Rs. 3,000. I wish to connect this with the bigger problem of the tax which you impose when the totality of the tax exceeds the income. That is, it is above 100 per cent. You must be aware that when the wealth is Rs. 15 lakhs, the tax rises to 143 per cent. When the property is Rs. 20 lakhs, it rises to 194 per cent. Fortunately, the Law Minister is here. He can easily apply his mind to the simple fact that when you impose a tax of 143 and 194 per cent, you are going beyond tax. You are imposing a levy. You are taking away the corpus, the property, which immediately attracts article 19. When you do that, whether you call it tax or not, the court is bound to hold that you are expropriating property in the name of tax and it will be struck down. When I mentioned this to the Minister of State, Mr. Sethi, he thought this has not been challenged so far where the totality of taxes exceeds 100 per cent. All I can say is, the people have been lenient to Government or they have not used their own thinking processes properly. It sounds to reason that when you tax more than 100 per cent of the income, you are expropriating property and therefore you are going against the right to property, which is enshrined in the constitution. It is not a matter for smiling. It is a very serious matter that you should disregard the right to property. I do address the Prime Minister kindly to consider these two very fundamental amendments. I am trying to clarify it for your own sake. Don't make the mistake of flouting the Constitution through this provision.

SHRIMATI INDIRA GANDHI : Shri Patodia's amendment would make the provision too wide and would be opposed intention of encouraging investment only in a limited category of financial institutions, as proposed in the Bill. We do allow rural debentures. So, that amendment is not acceptable.

So far as Shri Lobo Prabhu's amendments are concerned, Amendment No. 617 would, amongst other things, exempt income from house property up to Rs. 3,000 in all cases. This again is not the intention underlining the provision. The amendment is not acceptable.

The other proposal of placing a ceiling over the combined incidence of income-tax and wealth tax would be opposed to our objective of reducing the concentration of income and wealth. Shri Lobo Prabhu has put forward his view point. This matter has been discussed here on other occasions also. There is a fundamental difference in our thinking on these matters. Because, we feel it is essential in the interest of all. It is not a measure against some people who have wealth because in the longer run it is in their interest there should be an egalitarian society which would lead to greater stability all round.

SHRI PILOO MODY : Why don't you do it within the law and Constitution?

SHRIMATI INDIRA GANDHI: It is perfectly within the law. What is more, the provision in clause 14 is not the proper place to achieve the purpose which Shri Lobo Prabhu has in mind. Therefore, these amendments are not acceptable.

MR. DEPUTY-SPEAKER : I shall now put amendment Nos. 61, 62, 108, 109, 317 and 318 to the vote of the House.

Amendments Nos. 61, 62, 108, 109, 317 and 318 were put and negatived.

MR. DEPUTY-SPEAKER : The question is :

Page 13, line 29, omit "or". (651)

Page 13, for line 35, substitute "development bank); or" (652)

Page 13, after line 35, insert —

"(vii) interest on deposits with a financial corporation which is engaged in providing longterm finance for industrial development in India and which is approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36," (653)

The motion was adopted.

MR. DEPUTY-SPEAKER : The question is :

"That clause 14, as amended, stand part of the Bill"

The motion was adopted.

Clause 14, as amended, was added to the Bill.

Clause 15.—(Amendment of section 80M)

*Amendment made**

Page 14, line 26, for "and (vi)" substitute "(vi) and (vii)". (654)

(Shrimati Indira Gandhi)

MR. DEPUTY-SPEAKER : The question is :

"That clause 15, as amended, stand part of the Bill"

The motion was adopted.

Clause 15, as amended, was added to the Bill.

Clause 16.—(Amendment of section 80 MM)

SHRIMATI INDIRA GANDHI : I beg to move* :

Page 14, for lines 27 to 32, substitute —
Amendment of Section 80MM

16. In section 80MM of the Income-tax Act, in sub-section (1) for the portion beginning with the words "under an agreement" and ending with the words "total income of the assessee", the following shall be substituted, namely :— (655)

SHRI D. N. PATODIA : I beg to move* :

Page 14, line 30,—

after "thereof" insert—

'the words "being an Indian Company" shall be omitted and' (497)

SHRI SHIVA CHANDRA JHA : I beg to move* :

*Amendment made/moved with the recommendation of the President.

[Shri Shiva Chandra Jha]

Page 14, line 36,—

for "forty" substitute "twenty" (110)

इसमें जो टेक्निकल नो-हाउ है उससे जो आमदनी होती है वह 40 परसेंट है। कम्पनी मोटी तौर पर घनी होती है, इसलिए मैं चाहता हूँ कि 40 के बजाय 20 परसेंट किया जाए।

SHRI D. N. PATODIA : I propose to speak on amendment No. 497 on clause 16. But since my amendment No. 498 to clause 16A relates to the same matter, I will speak on both now instead of speaking again. With regard to royalty for the technical fees earned by Indian companies from abroad we have made certain concessions applicable to them. It has now been discovered that these concessions are not applicable to individuals, to the scientists, technicians and financial experts. Now, for the first time, you will be interested to know, there are certain consultancy firms in India which have foreign clients and there are certain individuals here who are getting fees and royalty from foreign firms. It is very unjustifiable that whereas a company is allowed exemption provided it earns fees and royalty from other countries, an individual or a firm is not permitted to avail of it.

Both these amendments seek to cover individuals and firms, scientists and technicians so that if they have earnings they are also exempt in the same manner as the companies are. I hope government will definitely accept it.

SHRIMATI INDIRA GANDHI : The reduction which the hon. Member envisages would frustrate the object underlining the relevant provision, that is, to encourage Indian companies to develop technical know-how or to acquire these from abroad and make it available to Indian concerns. Therefore, his amendment is not acceptable.

SHRI D. N. PATODIA : How does it affect if it is extended to individuals and firms?

SHRIMATI INDIRA GANDHI : I am replying to the amendment of Shri Jha at the moment.

SHRI D. N. PATODIA : I am sorry.

SHRI PILOO MODY : The same will apply to him a little later.

SHRIMATI INDIRA GANDHI : That concession is available to Indian companies because the Indian companies are subject to the discipline of Company law and their accounts are audited by qualified chartered accountants. Other forms of business organisations are not subject to such discipline. A corporate form of enterprise is a better form because it will have the necessary managerial skill, continuity of operation and it can also command finance, which research and development require. The number of companies in our country is 27,000 which is extremely low and it should be one of the aims of the tax policy to encourage the corporate sector. Therefore, Sir, the amendment is not accepted.

MR. DEPUTY-SPEAKER : Now, I put amendment Nos. 110 & 497 in the name of Shri Shiva Chandra Jha to vote.

Amendments Nos. 110 and 497 were put and negatived.

MR. DEPUTY-SPEAKER : I now put amendment No. 655 in the name of Shrimati Indira Gandhi to vote. The question is :

Page 14, for lines 27 to 32, substitute—

'Amendment of Section 80MM 16. In section 80MM of the Income-tax Act, in sub-section (1) for the portion beginning with the words "under an agreement" and ending with the words "total income of the assessee", the following shall be substituted, namely :—' (655)

The motion was adopted.

MR. DEPUTY-SPEAKER : The question is :

"That Clause 16, as amended, stand part of the Bill"

The motion was adapted.

Clause 16, as amended, was added to the Bill

New clause 16 A

SHRI D. N. PATODIA : I beg to move* :
Page 14,—

after line 40, insert—

'16A. In section 80-O of the Income-tax Act,—

- (i) the words "being an Indian company" shall be omitted;
- (ii) for the words "industrial, commercial or scientific", the words "industrial, commercial, financial, professional or scientific" shall be substituted;
- (iii) for the words "technical services" the words "technical or professional services" shall be substituted.' (498)

MR. DEPUTY-SPEAKER : I now put amendment No. 498 in the name of Shri D. N. Patodia which seeks to insert new clause 16A to the vote of the House.

Amendment No. 498 was put and negatived.

Clauses 17 to 20

MR. DEPUTY-SPEAKER : There are no amendments to clauses 17 to 20. The question is :

"That clauses 17 to 20 stand part of the Bill."

The Motion was adopted.

Clauses 17 to 20 were added to the Bill.

Clause 21.—(Substitution of new section for section 164.

SHRI D. N. PATODIA : I beg to move* :
Page 16,—

after line 22, insert—

- "(ia) the relevant income or part of relevant income is received under a trust created by a non-testamentary instrument and the income-tax officer is satisfied, having regard to all circumstances existing at the relevant time, that the trust was created *bona fide* exclusively for the benefit of the employees of the settlor" (63)

SHRI SHIVA CHANDRA JHA : I beg to move* :

Page 16, line 16,—

for "sixty-five" substitute "ninety" (111)

Page 17, lines 21 and 22,—

for "sixty-five" substitute "ninety" (112)

SHRI LOBO PRABHU : I beg to move* :
Page 16,—

after line 32, insert

- "(iv) the relevant income receivable exclusively for the benefit of employees of the settlor," (319)

SHRI S. S. KOTHARI : I beg to move* :
Page 16,—

after line 32, insert—

- "(iv) the relevant income or part of relevant income is receivable under an irrevocable trust created *bona fide* and exclusively for the benefit of the employees of the settlor," (364)

SHRIMATI INDIRA GANDHI : I beg to move* :

Page 16, *for lines 31 and 32, substitute—*

"or members were mainly dependent on the settlor for their support and maintenance; or

- (iv) the relevant income is receivable by the trustees on behalf of a provident fund, superannuation fund, gratuity fund, pension fund or any other fund created *bona fide* by a person carrying on a business or profession exclusively for the benefit of persons employed in such business or profession," (656)

SHRI D. N. PATODIA : According to the provisions of the Bill there do arise certain situations where Trusts would be subject to payment of 65% tax. My amendment is that such a provision with whatever intention it might have been introduced should not be made applicable to such genuine trusts which are formed out of the recognised provident fund amount for the benefit of employees and workers. The provisions with regard to payment tax

*Moved with the recommendation of the President.

[Shri D. N. Patodia]

should not be applied since it is meant for the welfare of the working people. I hope on this occasion the Prime Minister will see to more it that the amendment is accepted.

SHRI LOBO PRABHU : I fully agree with Mr. D. N. Patodia.

SHRI S. S. KOTHARI : Sir, in respect of my amendment No. 364 the Prime Minister has substantially accepted it vide her amendment No. 656. Therefore, I again thank her.

श्री शिव चन्द्र झा : क्लॉज 21 में जहाँ आपने 65 परसेंट रखा है, वहाँ पर 90 परसेंट कर दिया जाए ।

16 hrs.

SHRIMATI INDIRA GANDHI : Mr. Kothari has already mentioned that my amendment covers their amendments except that of Shri Shiva Chanda Jha. He wants to increase the rate of tax on the income of trusts from 65 per cent to 90 per cent. That will not be justified. Therefore, his amendment is not accepted.

SHRI D. N. PATODIA : In view of the Government amendment, I seek the leave of the House to withdraw my amendment.

MR. DEPUTY-SPEAKER : Has he the leave of the House to withdraw his amendment ?

Amendment No. 63 was by leave withdrawn.

SHRI LOBO PRABHU : I agree with my hon. friend Shri D. N. Patodia. I also withdraw my amendment.

MR. DEPUTY-SPEAKER : Has he the leave to withdraw his amendment ?

Amendment No. 319 was, by leave, withdrawn.

MR. DEPUTY-SPEAKER : Now I put amendment Nos. 111, 112 and 364 to the vote of the House.

Amendment Nos. 111, 112 and 364 were put and negatived.

MR. DEPUTY-SPEAKER : Now, I put Government amendment to the vote of the House.

The question is :

Page 16, for lines 31 and 32, substitute—

“Or members were mainly dependent on the settlor for their support and maintenance ; or

(iv) the relevant income is receivable by the trustees on behalf of a provident fund, superannuation fund, gratuity fund, pension fund or any other fund created *bona fide* by a person carrying on a business or profession exclusively for the benefit of persons employed in such business or profession.”. (656)

The motion was adopted.

MR. DEPUTY-SPEAKER : The question is :

“That clause 21, as amended, stand part of the Bill”.

The motion was adopted.

Clause 21, as amended, was added to the Bill.

Clause 22 was added to the Bill.

Clause 23.—(Amendment of section 194A).

SHRIMATI INDIRA GANDHI : I beg to move * :

Page 18, line 11, for “clause”, substitute “clauses”. (657)

Page 18, after line 14, insert—

“(vii) to such income credited or paid in respect of deposits with a banking company to which the Banking Regulation Act, 1949, (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act), or with a co-operative society engaged in carrying on the business of banking (including a co-operativel and mortgage bank or a cooperative land development bank).” (658).

MR. DEPUTY-SPEAKER : Now, I put Amendment Nos. 657 and 658 by Government to the vote of the House.

The question is :

Page 18, line 11, for “clause”, substitute “clauses”. (657).

Page 18, after line 14, insert—

*Moved with the recommendation of the President.

"(vii) to such income credited or paid in respect of deposits with a banking company to which the Banking Regulation Act, 1949, (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act), or with a cooperative society engaged in carrying on the business of banking (including a cooperative land mortgage bank or a co-operative land development bank)". (658)

The motion was adopted.

MR. DEPUTY-SPEAKER : Now the question is :

"That clause 23, as amended, stand part of the Bill".

The motion was adopted.

Clause 23, as amended, was added to the Bill.

Clause 24 was added to the Bill.

Clause 25.—(Amendment of section 212).

SHRI D. N. PATODIA : I beg to move* :
Page 19, line 18. —

for "thirty days" substitute "ninety days" (64)

SHRI KANWAR LAL GUPTA : I beg to move* :

Page 19, line 8. —

for "thirty" substitute "sixty" (306)

SHRI N. K. SANGHI : I beg to move* :
Pages 18 and 19. —

for clause 25, substitute—

"25. In section 212 of the Income-tax Act, sub-section (3A) shall be omitted." (420)

Page 18, line 41. —

for "Commissioner" substitute—

"Income-tax Officer" (421)

MR. DEPUTY-SPEAKER : Now, I put all the amendments to the vote of the House.

Amendments Nos. 64, 306, 420 and 421 were put and negatived.

MR. DEPUTY-SPEAKER : The question is :

"That clause 25 stand part of the Bill."
The motion was adopted.

Clause 25 was added to the Bill.

New Clause 25A.

SHRI S. S. KOTHARI : I beg to move :
Page 19. —

after line 12, insert—

'25A. In the Sixth Schedule to the Income-tax Act after item (28) the following shall be inserted with effect from the 1st day of April, 1970, namely :—

"29. Textiles (including those dyed, printed or otherwise processed) made wholly or mainly of cotton including yarn, hosiery and rope.

30. Textiles (including those dyed, printed or otherwise processed) made wholly or mainly of jute, including jute twine and jute rope." (366)

SHRI D. N. PATODIA : I beg to move :
Page 19. —

after line 12, insert—

'25A. For section 280 of the Income-tax Act, the following section shall be substituted, namely :—

"Disclosure 280. (1) If a public servant furnishes any information or produces any document in contravention of the provision of sub-section (2) of section 138, he shall be punishable with imprisonment which may extend to six months and shall also be liable to fine.

(2) If an Income-tax Officer or any other authority in the exercise, or purported exercise, of his powers under this Act—

(a) recklessly makes unlawful additions to the income declared by

*Moved with the recommendation of President.

[Shri D. N. Patodia]

any assessee or recklessly disallows lawful deduction claimed by an assessee in the computation of his total income; or

(b) *mala fide* and without reasonable cause exercises undue pressure upon or coercion against an assessee in respect of any matter in the course of assessment proceedings—

he shall be punishable with imprisonment for a term which may extend to one year.

(3) No prosecution shall be instituted under this section except with the previous sanction of the Central Government." (565)

SHRI HIMATSINGKA : I beg to move: Page 19,—

after line 12, insert—

'25A. For section 280 of the Income tax Act the following section shall be substituted, namely:—

"Disclosure 280. (1) If a public servant furnishes any information or produces any document in contravention of the provisions of sub-section (2) of section 138, he

shall be punishable with imprisonment which may extend to six months and shall also be liable to fine.

(2) If an Income-tax Officer or any other authority in the exercise, or purported exercise of his powers under this Act,—

(a) recklessly without reasonable grounds makes unlawful additions to the income declared by any assessee or recklessly disallows lawful deduction claimed by an assessee in the computation of his total income; or

(b) *mala fide* and without reasonable cause exercises undue pressure upon or coercion against an assessee in respect of any matter in the course of assessment proceedings—

he shall be punishable with imprisonment for a term which may extend to one year.

(3) No prosecution shall be instituted under this section except with the previous sanction of the Central Government." (608)

SHRI S. S. KOTHARI : Regarding the textile industry they have been requesting that industry should be included in the Sixth Schedule. It is for the Government to consider. If the Government feels that the textile industry deserves this, they should do the needful.

SHRI D. N. PATODIA : This is a very important amendment and as you will see from the notice of the amendment, this one single amendment has been signed by as many as 45 members. Similar amendments have also been sent by other members and altogether the number of signatories is more than 50. It has not been sent by one Party alone. It has been sent by members belonging to all Parties.

In view of the importance of the amendment, I would like to read it :

"If a public servant furnishes any information or produces any document in contravention of the provisions of sub-section (2) of section 138, he shall be punishable with imprisonment which may extend to six months and shall also be liable to fine..."

Upto this portion, it is accepted in the previous Act.

(2) If an Income-tax Officer or any other authority in the exercise, or purported exercise, of his powers under this Act—

(a) recklessly makes unlawful additions to the income declared by any assessee or recklessly disallows lawful deduction claimed by an assessee in the computation of his total income; or

(b) *mala fide* and without reasonable cause exercises undue pressure upon or coercion against an assessee in respect of any matter in the course of assessment proceedings—

he shall be punishable with imprisonment for a term which may extend to one year.

(3) No prosecution shall be instituted under this section except with the previous sanction of the Central Government."

Now, in view of the fact that taxation laws are being made more and more complicated year after year and in view of the fact that powers are being concentrated in the hands of the taxation authorities and officers, it is absolutely necessary that some sort of provision is made by which whenever an officer is deliberately at fault and whenever his *mala fide* is proved—such a provision exists in the Customs and Excise Act—there should be such a provision for punishment. Unfortunately, a separate provision does not exist in the Income Tax Act and the provisions of general law does not help. In respect of certain recent cases, the Public Accounts Committee in its 100th report has made significant remarks. These officers have been misbehaving and they have been misusing their authority and there is no doubt and every one of us who is an assessee knows the manner in which these Income Tax Officers are harassing the assessee to their discomfiture and inconvenience. It is necessary for me to read the remarks of the PAC in this connection :

“The Committee observe that out of nearly 8,500 appellate orders passed by Appellate Assistant Commissioners studied by a Departmental Study Team nearly 5,000 orders (60 per cent) were found to have been subjected to relief (excluding assessments interfered with but not amounting to relief). A further analysis of 5,000 odd assessments subjected to relief shows that in about 2800 cases (56 per cent of the assessments) more than 50 per cent of the relief sought for had been allowed by the Appellate Assistant Commissioners. According to the Study Team's findings, while a percentage of interference reflected honest difference of opinion, matured judgement of the Appellate authorities or availability of appellate decisions & evidence which were not before the Income-Tax Officers, 'quite a considerable percentage of interference was due to omissions and commissions on the part of the Income tax Officers which could quite well have been avoided'. In the light of these findings, the Committee feel that over-assessments continue to be a serious problem in the Department.”

Sir, in view of this finding, it is very very necessary and essential that a suitable

provision is made in the Income Tax Act in regard to awarding punishment. I hope Government will accept it. If the Government does not accept this Amendment, we are going to press for a Division, Sir.

MR. DEPUTY SPEAKER : The Prime Minister.

SHRIMATI INDIRA GANDHI : Sir, the amendments are outside the scope of the Bill, and are not consequential. According to the existing provisions, cotton and jute textile industries have been included in the Fifth Schedule for the purposes of development rebate at the higher rate on new machinery and plant. This will enable these industries to modernise their equipments and improve their competitive position in the world market. The inclusion of these industries in the Sixth Schedule will benefit only those companies which are already making good profits without being of any benefit to the sick or the marginal units. Therefore, this amendment is not acceptable to us.

The second amendment also is outside the scope of the Bill. Sir, the problem of 'overpitching' of tax assessments by the assessing officers and the need to restrain this tendency has already been given attention to. The Public Accounts Committee, in their various reports, had drawn attention to this particular problem. Pilot studies of the orders of some of the Appellate Assistant Commissioners in mofussil and metropolitan charges were got made by a Committee of senior departmental Officers. The Committee, after conducting the studies reported that in the first appeal stage, over 30 per cent of the assessment orders challenged in appeal got confirmed and for the remaining cases subjected to appellate interference, substantial interference was only in about half such cases; even in these cases of substantial interference, bulk of appellate relief did not reflect over-pitching of assessments, but pointed to other factors e. g. honest difference of opinion about legal interpretations, maturer judgment of the appellate authority, admission of fresh evidence at appeal stage and subsequent availability of higher appellate decisions settling the issues involved, such decisions not being available before the assessing

[Shrimati Indira Gandhi]

officers at the time of assessments. Where over-pitching of assessment was in evidence, instructions have been issued by the Board in February, 1969 and again recently in April, 1970 to the Departmental Officers, detailing some of the typical instances; the Officers have been instructed to scrupulously avoid such lapses and the supervisory officials have been alerted to keep watch and pull up erring officials and keep in view this aspect of the assessing officers' tendency, if any, when writing his confidential reports.

It may be added that the percentage of appeals filed against assessments completed has remained fairly low in recent years and has even declined of late; it stood at 8 % in the years 1966-67 and 1967-68, but in the years 1968-69 and 1969-70, it has gone below 7%. There is accordingly no justification for any stipulation in the Income-tax Act against over-pitching of assessments. Any such step is bound to have a demoralising effect on the assessing officers who may play safe and let down the interest of revenue by not making adequate assessments in the fear that this may involve the risk of the assessment being dubbed as over-pitched.

MR. DEPUTY SPEAKER : Shall I put all the amendments together ?

SHRI D. N. PATODIA : Please put Amendment No. 565 separately.

MR. DEPUTY SPEAKER : All right. I am putting Amendment No. 565 to the vote of the House.

Amendment 565 was put and negatived.

SHRI HIMATSINGKA : Sir I request leave of the House to withdraw my amendment.

SHRI S. S. KOTHARI : Sir, I request leave of the House to withdraw my amendment.

MR. DEPUTY SPEAKER : Do the Hon. Members have the leave of the House to withdraw their amendments ?

SOME HON. MEMBERS : Yes.

MR. DEPUTY SPEAKER : These amendments are withdrawn.

Amendments No. 366 and 608 wear by leave, withdrawn

MR. DEPUTY SPEAKER : All these amendments are for new clause 25A ; so 25-A does not form part of the Bill.

Clause 26.—(*Amendment of Act 27 of 1957*).

MR. DEPUTY SPEAKER : Now, I shall take up Clause 26. There are a large number of amendments here.

SHRI KANWAR LAL GUPTA : I beg to move* :

Page 19,—

omit lines 16 to 24 (8)

SHRI S. S. KOTHARI : I beg to move*.

Page 26,—

Omit lines 19 to 37 (33)

SHRI D. N. PATODIA : I beg to move*

Page 19, line 39,—

for "one hundred thousand rupees"
substitute—"One hundred and fifty thousand rupees" (65)

Page 20, line 2,—

for "one hundred thousand rupees"
substitute "one hundred and fifty thousand rupees". (66)

Page 20, line 11,—

after "any" *insert*—
"debentures or" (67)

Page 20, line 38,—

after "rupees" *insert*—

"or where such assets are held in the joint names of the individual, and his or her spouse and other dependents, a sum of three hundred thousand rupees" (68)

Page 22,

after line 12, *insert*—

"(1a) such assets are held under a trust created by a non-testamentary instrument and the Wealth-tax Officer is satisfied, having regard to all the circumstances existing at the relevant time, that

the trust was created *bona fide* exclusively for the benefit of the employees of the settler; or" (69)

Page 22,—

omit lines 25 to 34. (70)

Page 23,—

omit lines 1 to 39. (71)

Page 24,—

omit lines 1 to 44. (72)

Page 25,—

omit lines 1 to 41. (73)

Page 26,—

omit lines 1 to 39 (74)

SHRI SHIVA CHANDRA JHA : I beg to move* :

Page 19, line 39,—

for "one hundred" substitute "fifty" (113)

Page 20, line 2,—

for "one hundred" substitute "fifty" (114)

Page 20, line 38,—

for "one hundred and fifty thousand" substitute—

"one hundred thousand" (115)

Page 21, line 5,—

for "one hundred and fifty thousand" substitute

"one hundred thousand" (116)

Page 22, line 8,—

for "one and one-half" substitute—"five" (117)

Page 22, line 32—

for "Nil" substitute "5 per cent.," (118)

Page 23, line 1,

for "1" substitute "10" (119)

Page 23, line 7,—

for "2" substitute "20" (120)

Page 23, line 12,—

for "3" substitute "40" (121)

Page 23, line 17,—

for "4" substitute "80" (122)

Page 23, line 22,—

for "5" substitute "9.9" (123)

Page 23, line 28,—

for "Nil" substitute "5 per cent.," (124)

Page 23, line 31,—

for "1" substitute "10" (125)

Page 23, line 36,—

for "2" substitute "20" (126)

Page 24, line 2,—

for "3" substitute "40" (127)

Page 24, line 7,—

for "4" substitute "80" (128)

Page 24, line 12,—

for "5" substitute "99.9" (129)

Page 24, line 23,—

for "Nil" substitute "10 per cent.," (130)

Page 24, line 30,—

for "5" substitute "50" (131)

Page 24, line 39,—

for "7" substitute "99.9" (132)

Page 25, line 21,—

for "ten" substitute "seven" (133)

Page 25, line 25,—

for "eight" substitute "twenty" (134)

SHRI KANWAR LAL GUPTA:
I beg to move*

Page 24,—

after line 44, insert—

" Provided that where the aggregate of :

(a) the amount of income tax payable by an assessee in respect of his total income of the previous year under the provisions of the Income tax Act after making allowances for any relief, rebate or deduction in respect of the income-tax to which the assessee is entitled under the provisions of the said Act or the annual Finance Act; and

(b) the amount of wealth-tax computed in accordance with the foregoing provisions of this paragraph ; exceeds the amount of the total income of the assessee, the amount of such excess

*Moved with the recommendation of the President.

[Shri Kanwar Lal Gupta]
shall be deducted from the amount of wealth-tax referred to in clause (b) above and the balance shall be the amount of the wealth-tax payable by the assessee. (307)

SHRI LOBO PRABHU : I beg to move*

Page 20, line 14,—

add at the end—

“and any investment made hereafter on building construction, industrial and agricultural development” (321)

Page 20, line 38,—

for “one hundred and fifty thousand rupees” *substitute* “five hundred thousand rupees” (322)

Page 22, line 34,—

for “Rs. 1,00,000” *substitute*—

“Rs. 2,00,000” (323)

Page 23, line 2,—

for “Rs. 1,00,000” *substitute*—

“Rs. 2,00,000” (324)

Page 24,—

omit lines 16 to 44. (325)

Page 24,—

after line 44, *insert*—

“Provided that where the aggregate of the net income and wealth tax exceeds the total income, no tax will be collected on such part of the excess as is invested under Section 14 of the Finance Act, 1970.” (326)

SHRI BENI SHANKER SHARMA:

I beg to move* :

Page 25,—

omit lines 3 to 11. (524)

Page 25,—

omit lines 16 to 41. (525)

Page 26,—

omit lines 1 to 37. (526)

SHRI M. R. MASANI : I beg to move* :

Page 22,—

after line 24, *insert*—

(ee) After section 43 of the Wealth-tax Act, the following section shall be inserted, namely :—

Misuse of powers by public servants. 43A. (1) Notwithstanding anything contained in section 43 of this Act if a Wealth tax Officer or any other authority in the exercise, or purported to exercise, of his powers under this Act—

(a) recklessly makes unlawful additions to the wealth declared by any assessee or recklessly disallows lawful deduction claimed by an assessee in the computation of his total wealth ; or

(b) *mala fide* and without reasonable cause exercises undue pressure upon or coercion against an assessee in respect of any matter in the course of assessment proceedings—

he shall be punishable with imprisonment for a term which may extend to one year.

(2) No prosecution shall be instituted under this section except with the previous sanction of the Central Government.” (566)

SHRI D. N. PATODIA : I beg to move:

Page 24, *after* line 44, *insert*—

“Provided that if in respect of any assessment year the aggregate of :

(a) the amount of income-tax payable by an assessee in respect of his total income under the provisions of the Income-tax Act after making allowances for any relief, rebate or deduction to which the assessee may be entitled under the provisions of the said Act or the relevant Finance Act; and

(b) the amount of Wealth-tax payable by an assessee in respect of net wealth under the provisions of the Wealth-tax

*Moved with the recommendation of the President.

Act after making allowances for any relief, rebate or deduction to which the assessee may be entitled under the provisions of the said Act or the relevant Finance Act;

exceeds the amount of the total income of the assessee, then and in that event the amount of Wealth-tax payable by the assessee shall be reduced by the amount of such excess." (567)

SHRIMATI INDIRA GANDHI : I beg to move* :

Page 20, after line 2, insert—

' (3) after clause (iva), the following clause shall be inserted, with effect from the 1st day of April, 1971, namely :—

" (ivb) one building or one group of buildings owned by a cultivator of, or receiver of rent or revenue out of, agricultural land :

Provided that such building or group of buildings is on or in the immediate vicinity of the land and is required by the cultivator or the receiver of rent or revenue, by reason of his connection with the land, as dwelling house, store-house or outhouse ;" ; (659)

page 20, line 3, for " (3)," substitute " (4)" (660)

Page 20, line 6, for " (4)," substitute " (5)" (661)

Page 20, line 29, for " (bank)," ; , substitute " (bank) ;" ; . (662)

Page 20, line 29, insert—

" (xxvii) any deposits with a financial corporation which is engaged in providing long-term finance for industrial development in India and which is approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36 of the Income-tax Act." . (663)

Page 20, line 35, for " and (xxvi)," substitute " (xxvi) and, (xxvii)". (664)

Page 21, line 9, for " and (xxvi)" substitute " (xxvi) and (xxvii)" . (665)

Page 22, for line 22, substitute—

" support and maintenance; or (iii) such assets are held by the trustees on behalf of a provident fund, superannuation

fund, gratuity fund, pension fund or any other fund created *bona fide* by a person carrying on a business or profession exclusively for the benefit of persons employed in such business or profession," (666)

SHRI N. K. SOMANI : I beg to move* :

Page 22,—

after line 12 insert—

" (i) (b) Such assets are held under a trust of which none of the beneficiaries is a beneficiary under any other discretionary trust and the total corpus of the trust does not exceed Rs. 3 lakhs." (688)

SHRI D. N. PATODIA : I beg to move* :

Page 22,—

after line 24, insert—

" (ee) for section 32 of the Wealth-tax Act, the following section shall be substituted with effect from 1st day of April, 1971, namely:—

Mode of recover : 32 (1) the provisions contained in sections 221 to 227, 229, 231, and 232 of the Income-tax Act and the second and Third Schedules to that Act and any rules made thereunder shall, so far as may be, apply as if the said provisions were provisions of this Act and referred to Wealth-tax and sums imposed by way of penalty, fine and interest under that Act and to Wealth-tax Officer and Commissioner of Wealth-tax instead of to Income-tax Officer and Commissioner of Income-tax.

Explanation 1. - Any reference to section 173 and sub-section (2) or sub-section (6) or sub-section (7) of section 220 of the Income-tax Act in the said provisions of that Act or the rules made thereunder shall be construed as references to sub-section (7) of sections 22 and sub-section (2) or sub-section (6) or sub-section (7) of section 31 of this Act respectively.

Explanation II. The Tax Recovery Officer and the Tax Recovery Commissioner referred to in the Income-tax Act or the rules made thereunder shall be deemed

*Moved with the recommendation of the President.

[Shri D. N. Patodia]
to be the Tax Recovery Officer and the Tax Recovery Commissioner for the purpose of recovery of Wealth-tax and sum imposed by way of penalty, fine and interest under this Act.

(2) The Commissioner shall, on the application of any assessee accept in satisfaction of the whole or any part of the wealth-tax or any part of the wealth-tax and sums imposed by way of penalty, fine or interest under this Act, any property or part thereof at the value determined under the Act.

(3) No stamp duty shall be payable on any conveyance or transfer of property to the Commissioner under sub-section (2). " (692)

SHRI GEORGE FERNANDES : I beg to move :-

Page 20,—

after line 2, insert —

"*Explanation* :—A member of a co-operative society to whom a building or part thereof is allotted or leased under a house building scheme of the society shall be deemed to be the owner of that building or part thereof." (714)

MR. DEPUTY-SPEAKER : Before, you speak, I want to say that I shall conclude this at 6-30 P. M. There are two hours for third reading. Now it is 4-20 and we should conclude at 4-30 our discussions on all these clauses. Since there are so many amendments, one way of disposing them off is to reduce the time for the third reading.

SEVERAL HON. MEMBERS: You can reduce half-an hour from this.

MR. DEPUTY-SPEAKER: All right. Now Shri Kanwar Lal Gupta.

श्री कंवर लाल गुप्त : उपाध्यक्ष महोदय, इस में मेरे दो संशोधन हैं। एक के सम्बन्ध में मुझे यह कहना है कि सरकार ने यह कहा है कि जम्मू और काश्मीर को एक विशेष सुविधा दी गई है कि उस के अन्दर जो असे-ट्स होंगे वह वेल्थ में शामिल नहीं होंगे। वह क्लेरिफिकेशन में कहा गया है। मैं प्रधान

मंत्री जी से पूछना चाहता हूँ कि आखिर यह सुविधा केवल जम्मू और काश्मीर के लोगों को ही क्यों दी जा रही है? बाकी लोगों को क्यों नहीं दी जा रही है? और साथ ही वह पीछे से इस का ऐप्लिकेशन कर रही है। यह 1-4-69 से लागू होगा। मेरा ऐतराज यह है कि बेसिकली सारे हिन्दुस्तान के लोग एक हैं। और अगर प्रधान मंत्री यह सुविधा दे रही हैं तो वह सब लोगों को मिलनी चाहिए देश के किसी एक हिस्से के लोगों को नहीं।

जो मेरा दूसरा संशोधन है उस में मैंने यह कहा है कि अगर किसी व्यक्ति की आमदनी पर जो टैक्स लगाया जायेगा और वेल्थ टैक्स दोनों मिल कर आमदनी से ज्यादा हो तो जितना ज्यादा हो उतना वेल्थ टैक्स में से कम कर दिया जाये। आप को मालूम होगा कि कई लोगों की आमदनी के ऊपर जो टैक्स लगता है उस को अगर वेल्थ टैक्स के साथ जोड़ दिया जाय तो वह 100 परसेंट से भी ज्यादा टैक्स हो जाता है। इस तरह के कई लोग हैं। मैं ने कहा है कि जिन व्यक्तियों का इनकम टैक्स और वेल्थ टैक्स दोनों मिला कर 100 पर सेंट से ज्यादा हो तो उस में से जितना ज्यादा हो तो उतना वेल्थ टैक्स से कम कर दिया जाये। मान लीजिये 5,000 रु० ज्यादा हो जाता है तो उतना वेल्थ टैक्स में से घटा दिया जाये। कारण यह है कि यह बात न्याय के खिलाफ होगी कि अगर किसी व्यक्ति की आमदनी 100 रु० है तो आप उस से इनकम टैक्स और वेल्थ टैक्स 100 रु० से ज्यादा ले लें। इस से लोगों का इन्स्टेन्टिव खत्म हो जायेगा और कोई भी काम करने के लिये तैयार नहीं होगा। इससे आदमी बेइमानी करेगा और गलत तरीके इस्तेमाल में लाएगा। बेइमानी को एवायड करने के लिए और इंसेंटिव बनाए रखने के लिए मैं कहूंगा कि इस प्रकार के चाहे थोड़े केसिस हों, लेकिन इनकम टैक्स और वेल्थ टैक्स जहाँ दोनों मिला कर सौ परसेंट से ज्यादा होते हों, वहाँ इसको जितना यह

उससे ज्यादा होता हो, उतना आप कम कर दें और मेरा संशोधन मान लें।

SHRI S. S. KOTHARI : In Sweden, they have both the wealth tax and income-tax, and the tax limit is confined to 80 per cent of the income, but here my amendment says that it should be one hundred per cent of the income. It is a reasonable amendment and should be accepted. That is the point that I would like to make.

SHRI D. N. PATODIA : While supporting Shri Kanwar Lal Gupta and Shri S. S. Kothari I would refer you to amendment No. 567 which again has been signed by as many as 50 Members of the House belonging to various parties. In addition to these fifty Members, another 12 or 15 have also signed identical amendments.

The amendment seeks to provide that the total ceiling on income-tax and wealth tax put together should not be more than the total income earned by a particular person. You will notice that in the new provisions, in many cases, where wealth tax and income-tax are put together, the incidence of taxation is much higher; it goes as much as up to 140 per cent in many cases. A well-to-do person may have constructed a small property in a city like Delhi about ten years back at a value of Rs. 2 lakhs; that property would now be valued at Rs. 10 lakhs and with a reasonable income of Rs. 40,000 to Rs. 50,000; the total incidence of taxation in such a case would be as much as 127 per cent. After earning a particular amount if he is to pay 127 per cent of such earnings and if in addition he has to incur his household expenditure from his own property; it is nothing but confiscatory and expropriatory in nature. I do not think and I do not hope that Government has any intention to take any decision of this confiscatory or expropriatory nature. Therefore, the total incidence of taxation should not in any case exceed 100 per cent of the total income. Please do not make it minus. But keep it at 100 per cent ceiling. But please do not say that if he has to pay much more than his total income you will force him to sell the property or auction his property; and there is not

going to be anybody who is going to purchase that property. It is only fair that you permit him to pay the tax which is not beyond his income, even if he has to pay cent per cent his property and assets get reduced because he has to meet his expenditure from his own property; his total income is paid towards the taxation itself; beyond that, he has to spend from his own assets.

In view of such a large support given to this amendment and in view of its reasonableness, I do not see any reason why Government should have any opposition to this amendment, and I would, therefore, urge that this particular amendment for fixing one hundred per cent ceiling of taxation on income should be accepted by them.

श्री शिवचन्द्र झा : 26 क्लास वैल्यू टैक्स के बारे में है। इस में रेट दिए हुए हैं। आप तो जानते ही हैं कि हमारा देश गरीब देश है। जो दौलत है वह कुछ लोगों के हाथ में केन्द्रित हो गई है। आपका मकसद देश में समाजवाद लाना है, कल्याणकारी राज्य की स्थापना करना है। उस अवस्था में समाज का यह फर्ज हो जाता है कि पार्लिमेंटरी सैट अप में कानून बना कर और टैक्सों के जरिये उस दौलत को समाज के काम में लाया जाए। आपने जो रेट दिए हैं वे कम हैं और जो छूट दी है वह भी ज्यादा है और उनके बारे में ही मेरे संशोधन हैं।

पहली मेरी एमेंडमेंट यह है कि लाख तक की जो आपने छूट दी है, इसको घटा कर आप पचास हजार कर दें। मैंने कहा है कि हंड्रेड थाउजैंड की जगह पर फिफ्टी थाउजैंड कर दिया जाए।

उसके बाद जहां आपने डेढ़ लाख की बात कही है वह मैंने कहा है कि एक लाख कर दिया है। डेढ़ लाख बहुत अधिक है।

मेरी जो 117 नम्बर की एमेंडमेंट है उसमें मैंने यह कहा है कि पार्ट 1 में जो आपने रेट दिया है वन एंड वन हाफ वह बहुत कम है, और उसको बढ़ाकर आपको पांच परसेंट कर देना चाहिये।

उपाध्यक्ष महोदय : आप जल्दी खत्म करें ।

श्री शिवचन्द्र झा : आप बढ़ायेंगे तब तो मैं बोलूंगा । लेकिन अगर आप खत्म करना चाहते हैं तो आप सोच लें ।

MR. DEPUTY-SPEAKER : I am not extending the time; but if this stage of discussion goes beyond 4.30, we shall have to take it from the third reading time.

श्री शिवचन्द्र झा : पार्ट 1 में आपने कहा है कि वैल्यू जहां एक लाख से एकसीड नहीं करती है, वहां कोई टैक्स नहीं लगेगा । मैं चाहता हूं कि पांच परसेंट लगाया जाए । एक लाख से पांच लाख के बीच में अगर वैल्यू हो तो आप एक लाख से ऊपर की वैल्यू पर 1 परसेंट लगाना चाहते हैं लेकिन मैं चाहता हूं कि 10 परसेंट लगाया जाए । सी में आप दो परसेंट लगाना चाहते हैं लेकिन मैं चाहता हूं कि बीस परसेंट आप लगायें । डी में तीन परसेंट की जगह मैं चाहता हूं कि चालीस परसेंट टैक्स लगाना चाहिये । ई में आप चार परसेंट लगाना चाहते हैं और मैं चाहता हूं कि अस्सी परसेंट लगे । इसी तरह से जहां आप पांच परसेंट लगाना चाहते हैं वहां आप 99.9 परसेंट लगायें ।

जहां तक हिन्दू अनडिवाइडिड फैमिली का सम्बन्ध है, दो लाख की सम्पत्ति पर आप कोई टैक्स नहीं लगा रहे हैं । मेरा कहना यह है कि दो लाख की सम्पत्ति कम सम्पत्ति नहीं है । वहां पर पांच परसेंट आप लगायें । जहां 1 परसेंट लगा रहे हैं वहां 10 परसेंट लगायें । पांच लाख से दस लाख के बीच जो सम्पत्ति है वहां आप दो परसेंट लगाते हैं । मेरा कहना है कि बीस परसेंट लगाना चाहिये । दस लाख से पंद्रह लाख वाली सम्पत्ति पर आप तीन परसेंट लगाते हैं । वहां आप चालीस परसेंट लगायें । पंद्रह और बीस लाख के बीच जहां सम्पत्ति है वहां चार परसेंट की जगह अस्सी परसेंट लगाना चाहिये । बीस लाख से ज्यादा वाली सम्पत्ति पर आप पांच परसेंट लगाते हैं । वहां मेरा रेट है 99.9 परसेंट ।

आप टोटल वैल्यू आफ अर्बन एसेट्स पर पांच लाख तक छूट दे रहे हैं । यह छूट देने की जरूरत नहीं है और यहां पर दस परसेंट टैक्स लगाना चाहिये । पांच और दस लाख के बीच वाले एसेट्स पर आप पांच परसेंट लगा रहे हैं । वहां आपको पचास परसेंट लगाना चाहिये । दस लाख से ऊपर सात परसेंट है । मेरा कहना यह है कि कि 99.9 परसेंट इसको होना चाहिये ।

साठ हजार की आबादी और बीस किलोमीटर वाली जो बात है, वह खत्म हो गई है । इसलिए मैं उस पर जोर नहीं देता हूं ।

SHRI LOBO PRABHU : I shall deal with only three points. The first is the ceiling proposed in the Wealth Tax. I may suggest to Government that if they do not wish to go all the way, let them allow the tax amount to be put in long-dated Government securities. If your intention is to reduce conspicuous spending, to increase savings, the difference is very slight whether you get it as tax or as loan. You may have to pay a small interest, but this will save you from constitutional impropriety. It will save you also from growing discontent.

Secondly, the same status should be given to investment in housing, industrial and agricultural development as is given to dividends. I think you should allow that also for Wealth Tax, because housing is as important as anything which companies produce.

Thirdly, as the House knows, during the last three years the value of money has gone down. There has been an increase of 87 per cent in the index. That means that if your property was worth Rs. 1 lakh three years ago, it is worth Rs. 2 lakhs now. It is very unfair that because of this inflation you bring in people and tax them, people who have nothing but an inflated value for their property. I, therefore, suggest that the exemption limit for Wealth Tax should be Rs. 2 lakhs and not Rs. 1 lakh. The loss to Government will not be considerable because the number of assesseees between Rs. 1 lakh and Rs. 2 lakhs is only about 14,000 and they paid only Rs. 42 lakhs out of a total of Rs. 15 crores in 1964 which is the latest figure available.

These are very reasonable and moderate proposals which I do hope Government will accept in the interests of the economy.

SHRI N. K. SOMANI : I think there are two considerations as far as the urban property is concerned which the Government seems to have overlooked. One is that a large number of buildings in most of the cities are under rent control already, and, therefore, they do not fetch any appropriate or remunerative return, with the result that already building construction activity is going down, and any further impost on these buildings in urban areas where these are quite a necessity now, is going to be a positive disincentive.

Secondly, in view of the large scale housing shortage, this additional levy of a higher rate property is completely unjustified. Either the Government should provide urban accommodation at its own cost and tell the public that these tenements are available at reasonable rates, or there has to be a positive incentive given to buildings and properties, and, therefore, I would like to say that this additional Wealth-tax on urban property is something in the nature of expropriation or extortion without any compensation at all, because at higher levels this is going to operate at eleven to twelve per cent a year which is completely unjustified.

The basic exemption of Gift Tax is not continued at the previous level of Rs. 10,000. I would not like to go into details as Shri Dandekar has dealt with it yesterday. It is patently unfair to bring it down to Rs. 5,000 in view of the value of money going down. I do not know why it has become a matter of academic exercise whether our rates of income-tax and corporate tax are highest or not in the world. It is not immediately the most important point, in spite of Mr. Salve's analysis. What is to be seen is whether our present rates of personal taxation and corporate taxation leave sufficient incentive and marginal savings for capital investment and economic development and, from that point of view, whether we have this distinction or not. I would not like to enter into this controversy, but we feel certainly that these rates have now come to a point where as was pointed out very articulately by

Shri Dandekar, honesty has certainly become a casualty. I support Mr. Gupta's amendment and my own amendment. There has got to be some ceiling and the total taxation levied as far as person is concerned, when you add up the income-tax and wealth tax and other taxation should in no case exceed 100 per cent at all because it no longer remains equitable if it does. In respect of small trusts, I should like the Government to exempt from the operation of this clause. If they are small trusts that is what my amendment is—such assets held under trust whose beneficiaries are beneficiaries under no other discretionary trust and the total corpus of the trust does not exceed Rs. three lakhs.... So, here is an instance of a trust which will be used by only middle class families and the total corpus is not going to exceed Rs. 3 lakhs and none of its beneficiary is a beneficiary under any other trust. In their enthusiasm to curb the malpractices of a very few people at the top most level they should not do these things; they should have consideration for those sections of society under Rs. 3 lakhs.

SHRI S. M. BANERJEE : By my amendment No. 576 I want the exemption shown to Jammu and Kashmir to be removed.

Secondly, speaking generally on clause 26, I submit that I read carefully the amendment moved by Shri Patodia and others where they say that in cases where the taxes put together exceed the amount of total income, it shall be reduced by the amount of that excess. Shri K. L. Gupta and Shri Patodia said that no assessee should be taxed more than 100 per cent, if I have understood them correctly. If the Government is taxing more than 100 per cent, I do not know how people have accumulated wealth to the tune of Rs. 550 crores and how monopoly is being built up in the country. I cannot understand this. If it is really more than 100 per cent as they say, I would have supported it. On second thoughts I feel that it cannot be more than 100 per cent. If the amendment were to be accepted, every body will maintain two books—one book for himself and one for showing to the income-tax officer to prove that he is paying 100 per cent tax and it will be difficult for the

[Shri S. M. Banerjee]

income-tax officer to Judge. I have read Mr. Palkiwala's assessment and Mr. Salve's assessment who say that India is the highest taxed country. Still I am not convinced of this. We want to eliminate poverty; there are starving people among our countrymen; there are on the other hand persons who are prosperous. This would increase the difference between the haves and the havenots. So, I am unable to support that amendment. Evasion should be stopped by making the tax law simpler. There is tax evasion to the tune of Rs. 500 or 600 crores. As for black money, I cannot suggest anything. Black money can come out if there is demonetisation by the Government; it cannot be made white money one fine morning; there should be screwing and more screwing. Demonetisation would have definitely solved the problem of black money. This suggestion is for their consideration. In the matter of one lakh, Mr. Lobo Prabhu said something. Even Prof. Kaldor has said something about one lakh. Mr. Lobo Prabhu is an ex-ICS, not an economist. I am neither. I think he knows what Kaldor has suggested. I oppose those particular amendments.

SHRI N. K. SANGHI : My amendment No. 422 is to omit lines 1 to 39 on page 26. This relates to wealth tax on urban property and shares in companies. In this matter, I would like to draw the attention of the House to the fact that the properties that belong to a firm do not belong to the partner. The partner can come into the firm and then go away and take away the profits, but he can have no control on it. Similarly, a shareholder can have no control on the properties owned by the companies. Hence, here, in the scheme of things that we are going to do is to assess the wealth-tax in the hands of the shareholders and in the hands of the partnership. This is going to create a lot of work in the department. It is going to be a difficult process, and since we are going to simplify this matter, I think this is a very serious matter which needs to be looked into. The whole department, the income-tax officers and others, will have a Herculean task. Their work will increase manifold on this account. Therefore, I would appeal to the

Prime Minister that lines 1 to 39 in clause 26 at page 26 be deleted.

श्री जार्ज फरनेग्बोज (बम्बई-दक्षिण) : मेरा जो संशोधन है वह असल में संशोधन नहीं है, एक खुलासा इस वेल्थ टैक्स ऐक्ट में जोड़ने का सुझाव है। एनकम टैक्स ऐक्ट में यह सफाई है कि कोई कोआपरेटिव संस्था अगर किसी को भी मकान देती है तो वह मकान का मालिक जिस के नाम पर वह मकान है, वह हो जाता है, कोआपरेटिव संस्था नहीं रह जाती है। यह खुलासा इनकम टैक्स ऐक्ट में है। हम केवल इस को वेल्थ टैक्स ऐक्ट में भी लाना चाहते हैं। बम्बई की कोआपरेटिव संस्थाओं के महासंघ की ओर से सरकार को बजट आने के बाद यह पत्र आया था जिस के उत्तर में हमारे अर्थ मंत्री श्री प्रकाश चंद्र सेठी ने यह खुलासा उन को लिख कर दिया है कि मैंने जो संशोधन यहां पर दिया है वही सरकार का इस मामले में मत है। इस लिए मेरी यह प्रार्थना है कि जो सफाई आप ने दी है इनकम टैक्स ऐक्ट में कोआपरेटिव संस्थाओं के मकानों के बारे में, वह सफाई वेल्थ टैक्स ऐक्ट में भी दे दी जाय ताकि कोई भी कोआपरेटिव इस परेशानी में न पड़े कि उन के मकानात में रहने वाले लोगों को छोड़ कर कोआपरेटिव संस्था को वेल्थ टैक्स देना पड़े। इस से कोआपरेटिव संस्थाओं को बड़ी परेशानी हो जायेगी और जिस कारण के लिए वह बनती है उस की पूर्ति नहीं हो पाएगी। इसलिए मेरा सरकार से अनुरोध है कि यह कोई नई चीज नहीं है। इनकम टैक्स ऐक्ट में जो शब्द हैं उन्हीं शब्दों को वेल्थ टैक्स ऐक्ट में भी हम डालना चाहते हैं। सरकार इस संशोधन को स्वीकार करे, इस में कोई दिक्कत उन को नहीं होनी चाहिए।

श्री कंबर लाल गुप्त : प्रधान मंत्री जी एक चीज और बता दें कि वह सीलिंग अरबन प्रापर्टी पर ला रही हैं या नहीं ?

श्रीमती इंदिरा गांधी : इस से उससे कोई मतलब नहीं है।.....(व्यवधान).....

The first amendment was moved by Shri Kanwar Lal Gupta about Jammu and Kashmir. Hon. Members know that any levy of wealth-tax on agricultural lands in that state would, in the first place, have to be done by an order of the President, and such an order can be made by the President only with the concurrence of the State Government. Since the concurrence of the State Government has not been received so far, the Bill seeks to exclude agricultural land in that state from the levy. As you know, in these things, the State Government does not respond quickly. (*Interruption*).

Then, the hon. Member, Shri George Fernandes said—

AN HON. MEMBER : That was a reasonable suggestion.

SHRIMATI INDIRA GANDHI : That is the legal position. We cannot change that. I am told that as far as the co-operative sector is concerned, (*interruption*), that is the situation in the Act. I am speaking subject to correction. (*Interruption*).

श्री जार्ज फर्नेन्डो : इनकम टैक्स ऐक्ट में वह चीजें हैं। मेरी इतनी ही प्रार्थना है कि वेल्थ टैक्स ऐक्ट में भी इस को डाल दें ताकि कोऑपरेटिव संस्थाओं का परेशानी में न पड़ना पड़े।

SHRIMATI INDIRA GANDHI : We will get suitable instructions. The other question is about the trust. This amendment which has been proposed will defeat the purpose behind the proposals in the Bill and will lead to the continuance of the use of the discretionary trust as a device to avoid taxes. Multiple trusts are generally formed with a small corpus and income so as to avoid wealth tax and income-tax. Quite often the corpus of the trust is kept below Rs. 1 lakh. Therefore, the hon. member's proposal that the flat rate of 1.5 per cent of wealth tax should not apply in cases where the corpus is less than Rs. 3 lakhs will defeat the very purpose for which the relevant provision is made. Therefore, these amendments are not acceptable.

Mr. Sanghi's amendment is also not acceptable because it will open a loophole for the avoidance of additional wealth

tax on urban assets by transferring such assets to firms, associations of persons or closely held companies and it will defeat the purpose underlying the provision.

The main point is one to which I have replied earlier while replying to Mr. Lobo Prabhu, namely, the question of the limit over income-tax and wealth tax together. As I said then, hon. members know what a fundamental difference of opinion there is in the House. Shri Patodia has moved one amendment and Mr. Shiva Chandra Jha has moved the very opposite amendment that the limit should be much lower.

The limit of Rs. 1 lakh for a residential house which we have proposed I think seems to be fairly reasonable, keeping in view the general opinion in the country as well as in this House. I do not think I need to say any more on this.

Certain points were made about housing. Housing is certainly important, but I do not think that this will affect that situation very much. It is a question of balancing and seeing what is more important.

Another hon. member spoke of incentives. I have said something about this earlier in the day. Incentive is something which is very much in the mind of the person, what drives you on to do something. If it is only a question of money, that is one way of looking at it. But there certainly should be other things which are incentives. Quicker the business community thinks of looking towards other things, quicker the country will be able to advance.

SHRI D. N. PATODIA : What about ceiling on taxation ?

SHRIMATI INDIRA GANDHI : It was covered earlier. We are trying to lessen the disparities and it can only be done when those who have more give more.

MR. DEPUTY-SPEAKER : Shall I put all the amendments except Government amendments together ?

SHRI D. N. PATODIA : My amendment No. 567 may be put separately.

MR. DEPUTY-SPEAKER: All right. I will now put all the amendments except Government amendments and except amendment No. 567.

Amendments were put and Negatived.*

MR. DEPUTY-SPEAKER : I will now put Mr. Patodia's amendment No. 567.

Amendment No. 567 was put and negatived.

MR. DEPUTY-SPEAKER : I will now put the Governments amendments Nos. 659 to 666 to the House.

The question is :

Page 20, after line 2, insert—

' (3) after clause (iva), the following clause shall be inserted, with effect from the 1st day of April, 1971, namely :—

“(ivb) one building or one group of buildings owned by a cultivator of, or receiver of rent or revenue out of, agricultural land :

Provided that such building or group of buildings is on or in the immediate vicinity of the land and is required by the cultivator or the receiver of rent or revenue, by reason of his connection with the land, as dwelling house, storehouse or out house ; ”; (659)

Page 20, line 3, for “(3)”, substitute “(4)”. (660)

Page 20, line 6, for “(4)”, substitute “(5)”. (661)

Page 20, line 29, for “bank.”;”, substitute “bank) :”. (662)

Page 20, after line 29, insert—

“(xxvii) any deposits with a financial corporation which is engaged in providing long-term finance for industrial development in India and which is approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36 of the Income-tax Act.”. (663)

Page 20, line 35, for “and (xxvi)”, substitute, “(xxvi) and (xxvii) ” (664)

Page 21, line 9, for “and (xxvi)”, substitute “ (xxvi) and (xxvii) ”. (665)

Page 22, line 22, substitute—

“support and maintenance; or (iii) such assets are held by the trustees on behalf of provident fund, superannuation fund, gratuity fund, pension fund or any other fund created *bona fide* by a person carrying in a business or profession exclusively for the benefit of persons employed in such business or profession, ” . (666)

The motion was adopted

MR. DEPUTY-SPEAKER : The question is :

“ That clause 26, as amended, stand part of the Bill”.

The motion was adopted

Clause 26, as Amended was added to the bill.

Clause 27 :—(Amendment of Act 18 of 1958.)

SHRI KANWAR LAL GUPTA : I beg to move** :

Page 26,—

omit lines 41 to 43. (9)

Page 27 and 28,—

omit lines 13 to 37 and 1 to 6, respectively. (76)

SHRI SHIVA CHANDRA JHA : I beg to move** :

Page 26, line 42,—

for “five thousand” substitute “five hundred” (135)

Page 27, line 18,—

for “5” substitute “10” (136)

Page 27, line 20,—

for “10” substitute “20” (137)

Page 27, line 23,—

for “15” substitute “30” (138)

Page 27, line 26,—

for “20” substitute “40” (139)

Page 27, line 29,—

for “25” substitute “50” (140)

*The numbers of the Amendments, which were put and negatived are : 8, 33, 65 to 74, 113 to 134, 307, 321 to 326, 524 to 526 566, 688, 692 and 714.

**Moved with the recommendation of the President.

Page 27, line 32,—

for "30" substitute "60" (141)

Page 27, line 35,—

for "40" substitute "80" (142)

Page 28, line 1,—

for "50" substitute "100" (143)

Page 28, line 4,—

for "75" substitute "150" (144)

SHRI HIMATSINGKA I beg to move* :

Page 27,—

(i) line 1,—

for "(b)" substitute "(a)"

(ii) line 13,—

for "(c)" substitute "(b)" (690)

SHRI GANESH GHOSH (Calcutta South): I beg to move*:

Page 27, line 26,—

for "Rs. 11,500 plus 20 per cent." substitute—"Rs. 50,000 plus 50 per cent." (715)

Page 27, line 29,—

for "Rs. 31,500 plus 25 per cent." substitute—"Rs. 1,25,000 plus 75 per cent." (716)

Page 27, line 32,—

for "Rs. 1,06,500 plus 30 per cent." substitute—"Rs. 3,75,000 plus 75 per cent." (717)

Page 28, line 35,—

for "Rs. 2,56,500 plus 40 per cent." substitute—"Rs. 7,50,000 plus 80 per cent." (718)

Page 28, line 1,—

for "Rs. 4,56,500 plus 50 per cent." substitute—"Rs. 7,50,000 plus 80 per cent." (718)

Page 28, line 1,—

for "Rs. 4,56,500 plus 50 per cent." substitute—"Rs. 12,00,000 plus 85 per cent." (719)

Page 28, line 4,—

for "Rs. 7,06,500 plus 75 per cent." substitute—"Rs. 15,00,000 plus 90 per cent." (720)

श्री कंबर लाल गुप्त : उपाध्यक्ष जी, मुझे इसमें इतना ही कहना है—अभी तक 10 हजार रुपए तक की गिफ्ट माफ थी, लेकिन अब फाइनेन्स मिनिस्टर चाहती हैं कि गिफ्ट टैक्स की माफी 5,000 रु० तक रहे, उसके बाद इस पर टैक्स लगाना चाहिए। मैं समझता हूँ कि यह टैक्स छोटे लोगों पर पड़ेगा, क्योंकि 10,000 रु० की कीमत पहले ही बहुत कम हो गई है और अब इसको 5,000 रु० कर देंगे तो यह तो बहुत बड़ी ज्यादाती होगी। यह टैक्स ज्यादातर लोअर-मिडिल क्लास लोगों पर पड़ेगा। इसलिए मेरी प्रार्थना है कि इसको 10,000 रु० ही रहने दिया जाए और जो 5,000 रु० की लिमिट उन्होंने रखी है, उसको वापस ले लें।

SHRI D. N. PATODIA : My amendment seeks to restore the position with regard to gift tax by making it exempt up to Rs. 10,000. As Shri Gupta has said, the value of money has considerably gone down. I do not know what was the motive behind bringing this provision by the government because I do not think they had at any time anticipated any misuse of this provision. If there was no misuse and if gift was being made in a genuine manner by gentlemen and ladies, by senior members of the family, it should have been permitted. I think the provision with regard to gift tax, if it is made more relaxed, it would help the distribution of wealth rather than concentration. I therefore seek to move this amendment to raise the exemption from this tax up to Rs. 10,000. I hope government will accept it.

श्री शिवचन्द्र झा : उपाध्यक्ष जी, क्लॉक 27 में गिफ्ट टैक्स की बात है। आपको पता ही है कि टैक्स से बचने के लिए लोग गिफ्ट के रूप में बड़ी-बड़ी रकमें दिया करते हैं। हमारे समाज में जो हम बराबरी लाना चाहते

[श्री शिवचन्द्र झा]

हैं यह उस सिद्धान्त के खिलाफ है। इसलिए मैंने अपने संशोधन में कहा है कि जहां 5,000 रु० तक की एक्ज़ैम्पशन लिमिट रखी गई है, उसको घटा कर 500 रु० कर दिया जाए। देखने में तो यह मालूम पड़ता है कि बड़ी सख्ती हो रही है, कंवर लाल गुप्ता जी ने कहा है कि मनी की वैल्यू कम हो गई है, लेकिन मैं पूछता हूं कि पांच हजार रुपए का गिफ्ट कितने लोग देते हैं, कितने लोगों में गिफ्ट देने की ताकत है, इस देश में तो 75 प्रतिशत लोग 3 आने रोज पर गुज़ारा करते हैं। 5,000 रु० की गिफ्ट चांदनी चौक में रहने वाले आप जैसे बड़े लोग देते होंगे। इसलिए मेरा संशोधन है कि जहां सरकार 5,000 रु० करना चाहती है, वहां 500 कर दिया जाए।

इसी तरह से दूसरे संशोधनों में मैंने कहा है—जहां गिफ्ट की वैल्यू 20,000 रु० से ज्यादा न हो, वहां सरकार का रेट 5 परसेंट है, मैं चाहता हूं उसको 10 परसेंट कर दिया जाए, 20,000 रु० से 50,000 रु० तक सरकार का रेट है—10 परसेंट, मैं चाहता हूं कि इसको 20 परसेंट कर दिया जाए। 50 हजार से एक लाख तक सरकार का रेट है—15 परसेंट, मैं चाहता हूं कि इसको 30 परसेंट कर दिया जाए। 1 लाख से 2 लाख तक सरकार का रेट है—20 परसेंट, मैं चाहता हूं कि इसको 40 परसेंट कर दिया जाए। 2 लाख से 5 लाख तक सरकार का रेट है—25 परसेंट, मैं चाहता हूं कि इसको 50 परसेंट कर दिया जाए। 5 लाख से 10 लाख तक सरकार का रेट है—30 परसेंट, मैं चाहता हूं कि इसको 60 परसेंट कर दिया जाए। 10 लाख से 15 लाख तक सरकार का रेट है—40 परसेंट, मैं चाहता हूं कि इसको 80 परसेंट कर दिया जाये। 15 लाख से 20 लाख तक सरकार का रेट है—50 परसेंट, मैं चाहता हूं कि इसको 100 परसेंट कर दिया जाए। जहां तक 20 लाख से ऊपर गिफ्ट देने

की बात है, सरकार का रेट है—75 परसेंट, मैं चाहता हूं कि इसको 150 परसेंट कर देना चाहिए।

16-55 Hrs.

[Mr. SPEAKER in the Chair]

अध्यक्ष महोदय, इस हिसाब से यदि हम गिफ्ट पर टैक्स लगाने की व्यवस्था करेंगे, तब जो वीज़र बलास के लोग हैं, जिनके द्वारा समाज में कंप्यूक्रेम कन्ज़म्पशन आता है, उस पर रोक लगा सकेंगे।

SHRI HIMATSINGKA: My amendments No. 681 and 682 seek to provide that the present position of gift tax should be retained and there is no justification for reducing the amount of gift tax from Rs. 10,000/- to Rs. 5,000. My suggestion is that the proposed amendment may not be insisted upon.

SHRI LOBO PRABHU: I would like the Finance Minister to look back upon her own desire to remove disparity in income. Is it her purpose by bringing in this measure that the man should keep all his money with him and give nothing and still reduce disparity. If you want to reduce disparity then encourage gifts. The result of this new measure is to reduce the total amount of revenue. Therefore, in the interests of revenue itself please go back to the old method.

SHRI BENI SHANKER SHARMA: This clause has a chequered history. when the gift tax was first introduced, it was Rs. 10,000/-; then it was reduced to Rs. 5,000/- and then again raised to Rs. 10,000/-. Now, you want to reduce it again to Rs. 5,000/-. My friend, Shri Shiva Chandra Jha has not understood the position with regard to gift tax. It is a socialistic measure in a small way and should not be tampered with.

SHRI S. M. BANERJEE: I support Shri Shiva Chandra Jha's amendment.

17 Hrs.

SHRI GANESH GHOSH: Mr. Speaker, Sir, the Gift Tax as it has been proposed by the Prime Minister is a subtle contrivance to give big concessions to the moneyed people the big capitalists. Almost everybody knows

that the Gift Tax has been always a regular weapon in the hands of the big capitalists to evade taxes.

Under the proposed Gift tax, if a capitalist or a very rich man gives Rs. 5 lakhs out of his income as a gift, he can evade about Rs. 3, 90, 000 tax, pay a small sum of only Rs. 1,06,000 as Gift Tax and thus cheat the public exchequer of about Rs. 2,80,000. I have calculated all this. After all, who can give gifts of Rs. 20,000 or Rs. 50,000 or gifts valued at Rs. 1 lakh? Certainly not an ordinary or common man. Only very rich men or big capitalists can make such gifts. There cannot be any reason not to suspect that such gifts involving such huge amounts are made to evade taxes only. We have very bitter experience how lands were made 'benami' when land ceilings were fixed. No big capitalist would give gifts of huge amounts unless he wants to evade taxes.

The proposed system of Gift Tax is only another form of legalising tax-evasion. One can understand a gift of a few thousand rupees to one's needy relatives and friends. But those who give gifts to the extent of lakhs of rupees do so only to evade taxes. The budget proposals once again convincingly prove that the policy of the present Government does not budge an inch from the earlier stand of boosting the big business while poor man's essential commodities are taxed with Shylock's mentality. Even baby foods have not escaped taxation resulting in rise of their prices.

The generosity shown to the richer sections of the society has no justification whatsoever in the present situation. Unless the Government accept the amendments that I have proposed, all talk of ending inequality as is often professed is meaningless because the concessions given by the Government to the finance sharks have been the major cause of growing inequality in our country.

SHRIMATI INDIRA GANDHI : If I may start with the last speaker first, I am sorry to say I have not fully understood what he was saying. We have actually lowered the exemption limit for giving gifts. I have not much to say. Here again, it is question of a fundamental difference with some hon. Members. We do not want to

stop people giving gifts. But we feel if they have the ability to give such large gifts, then they also have the ability to give a little extra which can be used for the many who do not have the ability to give gifts and who do not have the ability to have sufficient for their daily needs. This is the purpose of this tax as of any other taxes. Then, the hon. Member, Shri Lobo Prabhu, has made a very useful suggestion for next year's budget which I shall keep in mind.

MR. SPEAKER : Now, I put all the Amendments together to the vote of the House.

Amendments Nos. 9, 76, 135, to 144, 690 and 715 to 720 were put and negatived.

MR. 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 to 31

MR. SPEAKER : Now I am going to put all the rest of the clauses together.

SHRI KANWAR LAL GUPTA : We want discussion on clause 32 which is the most important clause.

SHRI SURENDRANATH DWIVEDY (Kendrapara) : For which we are all sitting here.

MR. SPEAKER : This morning we decided to apply guillotine at 4.30 and it is already 5 p.m. now. But, if you are prepared to reduce the time for the Third Reading, I can take up clause 32. There is absolutely no amendment to clause 28 and for 39 there is Mr. Jha's amendment and I hope he is not pressing it. So I can pass on to clauses 30 and 31.

Now the question is:

"That clauses 28, 29 30 and 31 stand part of the Bill".

The motion was adopted.

Clauses 28, 29, 30 and 31 were added to the Bill.

Clause 32.—(Amendment of Act 1 of 1944)

SHRI KANWAR LAL GUPTA : I beg to move*:-

Page 29,—

omit lines 26 to 29. (10)

Page 29, line 32,

omit "COCOA POWDER". (11)

Page 30,—

omit lines 9 to 18. (12)

Page 30,—

omit line 26. (13)

Page 30,—

omit lines 29 to 33. (14)

Page 31,—

omit lines 1 to 37. (15)

Page 32,—

omit lines 1 to 34. (16)

Page 33,—

omit lines 9 and 10 (17)

Page 36,—

omit lines 1 and 2. (18)

SHRI S. S. KOTHARI : I beg to move:*

Pages 31 and 32,—

omit lines 23 to 37 and 1 to 24, respectively. (35)

Page 32,

omit lines 29 to 32. (36)

Page 35,

omit lines 1 to 34. (37)

SHRI SHIVA CHANDRA JHA : I beg to move:*

Page 29, line 27—

for "thirty" *substitute* "Twenty" (148)

Page 29, line 28,—

for "Fifteen" *substitute* "Ten" (149)

Page 30, line 4,—

for "Eighty" *substitute* "Ninety" (150)

Page 30, line 9,—

for "Ten" *substitute* "Twenty" (151)

Page 30, line 11,—

for "Ten" *substitute* "Twenty" (152)

Page 30, line 13,—

for "Eighty" *substitute* "Ninety" (153)

Page 30, line 21,—

for "Ten" *substitute* "Twenty" (154)

Page 30, line 29,—

for "Ten" *substitute* "Twenty" (155)

Page 30, line 34,—

for "Ten" *substitute* "Twenty" (156)

Page 31, line 4,—

for "Eighty-five" *substitute* "Ninety" (157)

Page 31, line 7,—

for "Ten" *substitute* "Twenty" (158)

Page 31, lines 30 and 31,—

for "two rupees" *substitute*—"fifty paise" (159)

Page 32, lines 1 to 3,—

for "One rupee and twenty-five paise" *substitute* "forty paise" (160)

Page 32, line 12,—

for "Ten" *substitute* "Five" (161)

Page 32, line 27,—

for "One hundred and fifty" *substitute*—"three hundred" (162)

Page 32, line 30,—

for "Seven hundred and twenty" *substitute*—"Five hundred" (163)

Page 32, line 34—

for "Ten" *substitute* "Twenty" (164)

Page 33, line 3,—

for "Ten" *substitute* "Twenty" (165)

Page 33, line 10,—

for "Ten" *substitute* "Twenty" (166)

Page 33, line 13 and 14,—

*Moved with the recommendation of the President.

for "three hundred rupees" substitute
"Three hundred and fifty rupees"
(167)

Page 33, line 24,—

for "Ten" substitute "Twenty" (168)

Page 33, line 28,—

for "Twenty-five" substitute "Thirty"
(169)

Page 34, line 7,—

for "Twenty-five" substitute "Thirty"
(170)

Page 34, line 10,—

for "Twenty-five" substitute "Thirty"
(171)

Page 34, line 13,—

for "Twenty-five" substitute "Thirty"
(172)

Page 34, line 17,—

for "Twenty" substitute "Thirty"
(173)

Page 34, line 20,—

for "Twenty-five" substitute "Thirty"
(174)

Page 34, line 23,—

for "Twenty-five" substitute "Thirty"
(175)

Page 34, line 27,—

for "Four" substitute "Five" (176)

Page 34, line 30,—

for "Forty" substitute "Sixty" (177)

Page 34, line 31,—

for "Forty" substitute "Sixty" (178)

Page 34, line 32,—

for "Fifty" substitute "Seventy-
five" (179)

Page 35, line 3,—

for "Ten" substitute "Thirty" (180)

Page 35, line 37,—

for "Ten" substitute "Twenty" (181)

Page 36, line 1,—

for "Ten" substitute "Twenty" (182)

Page 36, line 3,—

for "Ten" substitute "Twenty" (183)

Page 36, line 11,—

for "Ten" substitute "Twenty" (184)

Page 36, line 24,—

for "Ten" substitute "Twenty" (185)

SHRI LOBO PRABHU: I beg to move:*

Page 30,—

omit lines 19 to 35. (329)

Page 31, line 4,—

for "Eighty-five", substitute "Fifty".
(330)

Page 31, lines 30 and 31—

for "two rupees", substitute "rupee
one and paise fifty" (331)

Page 33,—

omit lines 11 to 19. (332)

Page 34 —

omit lines 10 to 25. (333)

Page 35,—

omit lines 25 to 34. (334)

Page 36,

omit lines 3 to 10. (335)

SHRI D. N. PATODIA: I beg to move:*

Pages 29 to 32,—

omit lines 26 to 34, 1 to 35, 1 to 37 and
1 to 24, respectively. (499)

Pages 32 and 33,—

omit lines 29 to 34 and 1 to 19, res-
pectively. (501)

Page 33,—

omit lines 26 to 28. (502)

Pages 34 and 35,—

omit lines 4 to 33 and 1 to 24 respec-
tively. (503)

Pages 35 and 36,—

omit lines 35 to 38 and 1 to 29. (504)

SHRI S. M. BANERJEE: I beg to move:*

Page 30,—

*Moved with the recommendation of the President.

[Shri S. M. Banerjee]

omit lines 26 to 28. (577)

Page 30,—

omit lines 34 and 35. (578)

SHRI P. M. MEHTA (Bhavnagar):
I beg to move*:

Page 34, line 3,—

add at the end—

'and after the words "skelp and strips" the words "but excluding plates and sheets mentioned in (C)" shall be added'. (588)

Page 34,—

after line 3, insert—

'(c) after sub-item (v), the following sub-item shall be inserted, namely:—

“(vi) Plates and sheets Five hundred ordinarily used and fifty rupees for manufacture of metal per metric tonne. containers intended for packaging of goods for sale including casks, drums, cans, boxes, gas cylinders, and pressure containers, but excluding collapsible tubular containers made of aluminium”. (589)

Page 34, line 27,—

for “Four” substitute “Six”. (590)

SHRI OM PRAKASH TYAGI (Moradabad): I beg to move*:

Page 33,—

omit lines 23 to 25. (618)

Page 34,—

omit lines 26 to 28. (619)

Page 32,—

after line 32, insert—

“(viii) In Item No. 7, for the entry in the third column, the entry “Two hundred and five rupees and twenty-five paise per kilometre at fifteen degrees of Centigrade thermometer,” shall be substituted’.
(627)

श्री कंबर लाल गुप्त : अध्यक्ष महोदय, मैंने आपकी आज्ञा से अपने संशोधन नम्बर 10 से 18 तक प्रस्तुत किए हैं। इस सम्बन्ध में मैं यही कहना चाहता हूँ कि प्रधान मंत्री महोदया ने चाय, चीनी, काफी, किताबें, चाकलेट, इन सब चीजों पर टैक्स लगा कर मध्यम वर्ग की पीठ में छुरा घोंपा है। वे वेशक कहें कि कीमतें नहीं बढ़ी हैं लेकिन मैं चैलेंज करता हूँ कि बाजार में जाकर वे देखें, 15 परसेन्ट कीमतें साधारण चीजों में बढ़ गई हैं। ऐसी चीजों में जोकि गरीब और मध्यम वर्ग के आदमी इस्तेमाल करते हैं। उन्होंने शूगर की बात कही लेकिन शूगर की कीमतें टेम्पोरेरी कम हुई हैं। शूगर की कीमतें टेम्पोरेरीली कम होने का परिणाम यह होगा कि जितनी शूगर फैक्टरीज़ हैं वह आहिस्ता-आहिस्ता बन्द हो जाएंगी और अगले साल शूगर फैक्टरीज़ के सामने क्राइसिस आएगा, क्योंकि उनके स्टाफ पाइल-अप हो रहे हैं, बैंकों ने लिमिट कम कर दी है, सख्ती कर दी है। परिणाम यह है कि जो एक्साइज आपने बढ़ाई है, वह कीमतें कम होने के कारण उसके अन्दर चली गई और शूगर फैक्टरीज़ को ज़बर्दस्त नुकसान होगा। इसका परिणाम यह होगा कि आज शूगर ज्यादा है लेकिन अगले साल किसान शूगरकेन नहीं बोयेंगे। इसलिए मैं चाहता हूँ कि शूगर के ऊपर जो एक्साइज है, उसका जो रेट है, वह वैसे भी ज्यादा है, उसको कम होना चाहिए।

जो चाय की बात उन्होंने कही—प्रधान मंत्री ने कहा कि कुछ सस्ती और दूसरे किस्म की, चाय पर हमने नहीं बढ़ाया—मुझे मालूम नहीं

कि सस्ती कौन है, बढ़िया कौन सी है। लेकिन बाज़ार में आप जाकर देखिए तो जो चाय बाज़ार में लोग खरीदते हैं, साल्वे साहब भी खरीदते होंगे, उसके अंदर काफी वृद्धि हो गई है। कम से कम 20-25 परसेंट की वृद्धि उसके अंदर हम देखते हैं।

इसी तरह से काफी के अन्दर भी वृद्धि देखते हैं। और सबसे बड़ी चीज़ जो प्रधान मंत्री महोदया ने की है वह है इरेटेड-वाटर जो है, जैसे कोका कोला एक साफ्ट ड्रिंक है, हार्ड ड्रिंक जो पीते हैं उनकी बान में नहीं करता, लेकिन जो इरेटेड वाटर है, जो सर्वसाधारण की चीज़ है, आम आदमी जिसको पीते हैं, उनकी कीमतें भी ज्यादा हो गई हैं। अध्यक्ष महोदय, एक बॉतल कोका कोला के अन्दर 5 पैसे उन्होंने बढ़ा दिए, पहले भी कीमतें ज्यादा थीं, अब और ज्यादा बढ़ा दी हैं।

इसी तरह से किताबों में भी इन्होंने ज्यादा टैक्स लगा दिया और किताबों को भेजने में, गांवों में किताबें भेजने में अब और ज्यादा दिक्कत होगी। मैं अधिक न कह कर, क्योंकि यह पार्टी का सवाल नहीं है, यदि प्रधान मंत्री चाहती हैं कि गरीबों को राहत मिले, मध्यम वर्ग के व्यक्तियों को राहत मिले, तो मैं चाहूंगा कि वह टैक्स घटाएं। अभी किताबों की कीमतों में 15 प्रतिशत वृद्धि हुई है और साल भर में और भी वृद्धि होगी। अगर प्रधान मंत्री चाहती हैं कि गरीबों को राहत मिले, तो मैं चाहूंगा कि जो टैक्स शूगर पर लगाया है वह कम होना चाहिए। जो चाय पर, किताबों पर, इरेटेड वाटर के ऊपर लगाया है उसमें कमी होनी चाहिए। हां, जो लग्जरी गुड्स हैं, उनके ऊपर जो आपने बढ़ाया वह ठीक है क्योंकि देश को साधन चाहिए ताकि गरीब लोगों का काम हो सके। लेकिन धर आप गरीब आदमी को राहत देते हैं और दूसरे हाथ से जब कीमतें बढ़ जाती हैं तो उनसे आप छीन लेते हैं। मैं समझता हूं कि जो आपने छीना है वह ज्यादा है और राहत

आपने कुछ नहीं दी। परिणाम यह होगा कि पहले जितना आगे बढ़े उससे ज्यादा पीछे जाएंगे। इसलिए अध्यक्ष महोदय, मैं प्रधान मंत्री से निवेदन करूंगा कि तीन-चार चीज़ों पर ऐक्साइज ड्यूटी उन्होंने बढ़ाई है, वह वापस लें यही मेरी उनसे प्रार्थना है।

SHRI SURENDRANATH DWIVEDY-
rose...

MR. SPEAKER : Mr. Dwivedy, let us go serial-wise, according to the amendments moved. Shri Kothari.

SHRI S. S. KOTHARI : Sir, the excise duty on sugar, tea and other items impinge upon the common man and it will adversely affect his standard of living. I would submit that fresh excise duty should be levied on the luxury items only and excise duty should not be increased on articles of common use. I would suggest to the Prime Minister that a moratorium should be imposed on the total quantum of excise duty. The total excise duty is now Rs. 1800 crores. Let us impose a limit that these shall not exceed Rs. 1900 or Rs. 2000 crores. There may be internal adjustments between these duties but the total quantum should not increase beyond this figure. We may impose such a moratorium so that the standards of living of the common people are not adversely affected. I endorse what my hon. friend (Shri Kanwar Lal Gupta) has said regarding the excise duty on sugar, tea and certain other items of mass consumption. They should, I suggest, be reduced or removed. Thank you.

श्री शिव चन्द्र झा : अध्यक्ष महोदय, इसमें सन्देह नहीं कि इसमें जो टैक्स लगाए गए हैं जिसमें कि चीनी भी आ जाती है, चाय भी आती है, कोकोआ भी है और दूसरी कितनी चीज़ें हैं, उससे आम जनता पर बोझ पड़ेगा। अध्यक्ष महोदय, यह मानी हुई बात है कि दिल्ली से लेकर के दूर देहात तक चीनी की जरूरत होती है। त्यौहारों पर और कई दूसरे अवसरों पर बड़ी परेशानी हो जाती है। यहाँ तक कि चीनी के लिए मुझे एम० पी० के रूप में लिखना पड़ता है। लोग कहते हैं कि चीनी के लिए आप खत लिख दीजिए तो जायद

[श्री शिवचन्द्र झा]

मिल जाएगी। इतनी जरूरत वहां हो जाती है। अध्यक्ष महोदय, यदि सरकार 32(1) में जो टैक्स बढ़ा रही है— उसमें 30 परसेंट ऐडवालोअरम और 50 परसेंट ऐडवालोअरम है— अगर सरकार महसूस करती है कि बढ़ाना ही चाहिए तो 30 की जगह पर 20 परसेंट ऐडवालोअरम और 50 परसेंट की जगह 10 परसेंट रखा जाए। इससे भी चीनी की कीमत बढ़ेगी, लेकिन उतना बोझा नहीं होगा जितना बोझा आपके संशोधन से उन पर आएगा। तो यह एक अहम आइटम है जो आम लोगों के कंजप्शन की चीज है।

उसी तरह से चाय ले लीजिए। चाय के मुताबिक इन्होंने ऐलान किया कि निर्क्रांट चाय पर, जो खराब और कंडम चाय है, उस पर 70 पैसे पर किलोग्राम के हिसाब से इन्होंने घटा करके लगाया है। 70 पैसे की जगह मेरा संशोधन है कि 50 पैसे कर दिया जाए। 'नाट ऐक्सीडिंग 2 रुपीज' की जगह 'पचास पैसे' कर दिया जाए। चाय, अध्यक्ष महोदय, ऐसा पेय है जो कि दूर देहात तक में चल गई है। कैसे गई, इसकी कहानी में हम न जाएं लेकिन 1941 के जमाने में देहात में और छोटे-छोटे शहरों में लोगों को फी चाय पिला करके उनको आदत डाल दी। आज हिन्दुस्तान में किसी न किसी रूप में जो अफोर्ड कर सकता है, चाय पीने की कोशिश जरूर करेगा। इसलिए उन पर यदि आप बढ़ा देते हैं—नाट ऐक्सीडिंग टू रुपीज पर किलोग्राम तो कुछ ज्यादा हो जाता है।

पैकेज टी के बारे में आपने 1.25 पैसे रखा है जो ज्यादा है। मेरा सुझाव है कि उसको आप 40 पैसे रखें।

इंस्टैंट टी पर आपने 10 परसेंट ऐडवालोअरम प्लस दि इयूटी फार दि टाइम बिइंग 'सच 'इंस्टैंट टी' किया है। मैं चाहता हूं कि इस परसेंट की जगह आप 5 परसेंट रखिए। जो आप चाहते हैं कि रिसोर्सेज

को मोबिलाइज करने के लिए इस हिसाब से कुछ लगा भी दें तो उस रूप में लगाने से बोझ भी नहीं होगा।

उसी तरह से दूसरी चीजें हैं, अध्यक्ष महोदय, पेज 32 आइटम 6 पर जहां पर दिया है—

फाइनेंस बिल के पेज 32 पर आइटम नम्बर 6 इस प्रकार है :

"In item No. 4 under "II. Manufactured tobacco.", for the entry in the third column against sub-item (2) the entry 'One hundred and fifty per cent ad valorem shall be substituted.'"

इस बारे में प्रधान मंत्री तथा वित्त मंत्री श्रीमती इंदिरा गांधी ने श्री मोरारजी देसाई को मात देने की कोशिश की है लेकिन यही पर्याप्त नहीं है, कारण यह गांधी जी का देश है और इसलिए मैंने अपने संशोधन द्वारा इस 150 परसेंट ऐडवालोअरम के स्थान पर 300 परसेंट ऐडवालोअरम सब्स्टीच्यूट करने का सुझाव दिया है। नशीले और मादक द्रव्यों पर सरकार को और भी अधिक टैक्स लगाना चाहिए। सिगरेटों पर मेरी मांग है कि और अधिक टैक्स सरकार को लगाना चाहिए। चारमीनार सिग्रेट के पैकेट के बारे में एक मित्र ने मुझे बतलाया कि उसमें बहुत पैसे बढ़ गए हैं और अब 35 पैसे का मिलता था, वहां अब 35 पैसे का मिल रहा है। लेकिन मेरा विचार है कि सिग्रेट पर और भी अधिक टैक्स होना चाहिए जिससे वह और अधिक महंगी मिलें ताकि लोग सिग्रेटों का पीना कम करें। इसी दृष्टि से मैंने अपना संशोधन दिया है जिसमें मांग की है कि 150 की जगह 300 रखा जाए।

इसी तरह थर्ड कालम की आइटम नम्बर 6 की इंट्री में जो यह दिया है :

"(vii) In item No. 6 for the entry in the third column the entry 'Seven hundred and twenty rupees per kilolitre at 15 degrees Centigrade of thermometer' shall be substituted."

मैंने अपने एक संशोधन द्वारा कम करने का सुझाव देते हुए इसे 500 रुपये पर किलो-मीटर करने की मांग की है। मोटर स्ट्रिप पर यदि आप टैक्स बढ़ाएंगे, तो जाहिर है कि उसका असर आम उपभोक्ताओं पर पड़ेगा, अधिकांश जनता पर पड़ेगा जो कि बसों द्वारा सफर करते हैं। इससे बस का फेयर बढ़ जाएगा। अगर बसों का किराया बढ़ा तो आम जनता को भारी परेशानी का सामना करना पड़ेगा। इसलिए मेरा संशोधन है कि यह बात सौ बीस रुपये पर किलोमीटर ऐट फिफ्टीन डिग्रीज़ आफ सेंटीग्रेड थर्मामीटर को 500 रुपये से सक्टीच्यूट कर दिया जाए।

सिस्टमेटिक रबड़ पर तीन सौ रुपये पर टन का जो प्रस्ताव है वह ठीक ही है। इसी तरह से दूसरी लकड़ी के जो आइटम्स हैं, बड़े व धनी लोगों के अन्य आराम व सुख के जो साधन आदि हैं, उनके ऊपर यदि आप टैक्स का भार अधिक रखते हैं तो उसमें कोई अनुचित नहीं है क्योंकि उससे अपर क्लास ही एफ़ैक्टेट होता है। बड़े और धनी लोगों के आराम के लिए इस्तेमाल होने वाली विलास व शृंगार आदि की सामग्री को यदि आप महंगा करते हैं, उन पर यदि आप सक्ती करते हैं तो मुझे उसमें कोई ऐतराज नहीं है। लेकिन ऐसी वस्तुएं और आवश्यक चीजें जोकि मिडिल क्लास और गरीब तबके के काम में आती हैं वह महंगी न हों, उन पर जाहिर है कि टैक्स का भार बढ़ेगा तो वह और भी महंगी मिलेगी और गरीब जनता की कमर टूट जाएगी, इसलिए उन चीजों के बारे में सरकार को गम्भीरता से सोचना चाहिए और उनकी कीमत बढ़ने न देनी चाहिए, अपितु कम करने की ही उसे कोशिश करनी चाहिए। चीनी और चाय के बारे में जो मैंने संशोधन दिए हैं उन पर खास तौर से प्रधान मंत्री महोदया विचार करें और उन्हें स्वीकार कर लें। बुकपोस्ट और किताबों के रजिस्टर्ड पार्सल आदि पर जो ड्यूटी बढ़ाई गई है वह कम की जाए। उसका रेट कम होना चाहिए और उसके लिए 17 LSS/70—11

भी मैंने एक संशोधन दिया है। मैं चाहूंगा कि मेरे इन संशोधनों पर विशेष कर चाय व चीनी संबंधी संशोधनों को स्वीकार करने के बारे में सोचें।

SHRI LOBO PRABHU: I shall be very brief. When you are imposing indirect taxes, you have to trace them to those who pay them. It happens that in the case of these indirect taxes which have been imposed in a sheltered market, the consumers face them or they do not buy the thing at all. So, as far as socialism goes, indirect taxes are its antithesis.

I now come to the specific taxes which are imposed. On Sugar, the total impose is about Rs. 79 crores, and on tea, it is Rs. 24 crores. On confectionary, which is really a tax on children—I do not know why the Prime Minister should think of this impost—the tax is a minor amount of 55. I would like her to consider the taxes she is adding on biscuits and pasteurised butter as taxes on people who require these articles for their little joys in life. I think to get this mini amount a budget should not be stretched so far.

I come to another big group of taxes imposing on these common people. These are taxes on petroleum products. It will surprise the House to know that we pay a total amount of Rs. 600 crores taxes on petroleum products; on Kerosene, which is used by the poor, the tax paid is Rs. 114 crores; on refined diesel oil and vapourising oil which is used again by buses which are used by the poor people, the tax is Rs. 256 crores. I would like the Prime Minister to consider whether when these taxes were as high as they were, about Rs. 500 crores last year, there is any justification to raise them by 20 per cent and make them Rs. 600 crores.

About the other taxes, I do not think. I shall have time to deal with. But I would like to point out that many of these taxes go back to the primary producer. In respect of sugar, the Prime Minister should know that the prices have fallen in spite of the tax. What does it mean? First of all, the factories are cutting into their bones. Today sugarcane is being burnt in the Punjab because you put these taxes.

[Shri Lobo Prabhu]

You have no right to put people to such predicament.

I would ask the Prime Minister to leave these taxes alone. Let them remain at the level they were last year because that would be the least they should do to be consistent with the claim to socialism.

SHRI PILOO MODY: I cannot understand what socialism has got against sanitaryware.

SHRI D. N. PATODIA: We are confronted with increasing shortages and rising prices. In such a situation, we are totally opposed to any such measure which will increase the prices further. It would, in our opinion, be absurd to suggest that any measure which is likely to collect an additional revenue of Rs. 130 crores will not increase prices, particularly when the price increases will be in respect of commodities mostly used by the common people.

What are the items? Sugar, aluminium, petroleum products, tea, aerated waters, preserved food, coffee etc. Can anybody suggest these are items not used by the common people? 90 per cent of them are used by the common people. On the one hand, we are facing a crisis of unemployment; people do not get employment and their savings are shrinking and on the other, we are creating conditions for the cost of living to go higher and higher. This is a very anomalous situation.

And what is the use to which these additional revenue collections of Rs. 130 crores and other taxes are put. Most of it is used up to meet rising administrative expenditure and covering the losses of the public sector. This is not the way of taxing the common man. This is not the way to accelerate development. Excise duties are being increased from year to year. It is high time we stopped this and saw to it that measures which are going to increase the prices of commodities used by the common man were not adopted. Therefore, all these excise duties imposed upon items consumed by the common man should be withdrawn.

श्री स० श्री० बनर्जी : अध्यक्ष महोदय, मैं अपने संशोधन सं० 577 से लेकर 582

तक पर बोलना चाहता हूँ। चीनी के बारे में अभी मेरे मोअज्जिज दोस्त श्री कंबर लाल गुप्त ने कहा कि चूँकि गन्ना जलाने की कोशिश की जा रही है, गन्ना जा नहीं रहा है कारखानों में और कारखाने बन्द होने जा रहे हैं, इस लिए शुगर इंडस्ट्री की बुरी हालत है, और यह एक्साइज ड्यूटी में छूट इसलिए दी जा रही है कि जो शुगर मिल ओनर्स हैं उनका फायदा हो।

जो आर्टिफिशियल क्राइसिस क्रियेट करना चाहते हैं, बिहार और उत्तर प्रदेश में, जो संकट उन्होंने खुद पैदा किया है अपने मिसमैनेजमेंट से, मुनाफाखोरी से, जखीराबाजी से, चीनी की चोर बाजारी करके, अगर आप उनको फायदा पहुंचाना चाहते हैं और इस वास्ते कंसेशन दे रहे हैं, तो मैं इसका विरोध करता हूँ। कंज्यूमर्स को फायदा पहुंचाना चाहते हैं तो मैं इसका स्वागत करूंगा। कंज्यूमर्स का इससे फायदा होगा या नहीं होगा, यह मुझे मालूम नहीं, लेकिन मेरी जो एमेंडमेंट है, वह साफ है। मैं पूरी क्लोज़ का ऑमिशन चाहता हूँ, जहाँ तक चीनी का सम्बन्ध है।

शुगर इंडस्ट्री के नेशनलाइजेशन की बात भी हो रही है। मैं जानना चाहता हूँ कि उसका क्या हुआ है। उत्तर प्रदेश की सरकार ने पास किया है कि इसका नेशनलाइजेशन होना चाहिए। एक कमीशन वहाँ बैठा हुआ है। मैं समझता हूँ कि वह भी जरूर कहेगा कि नेशनलाइजेशन होना चाहिए। आज अगर वाकई में उत्तर प्रदेश और बिहार के कारखानों की हालत खराब है और खराब की गई है, तो उन कारखानों का राष्ट्रीयकरण किया जाए, यही आपके सामने एकमात्र रास्ता है। बार-बार आप उनको छूट देते हैं। उनके पास डबल बैरल गन है, वे कहते हैं.....

श्री पीलू मोदी : हलवाई की बात कर रहे हैं ?

श्री स० श्री० बनर्जी : हलवाई के बारे में नहीं। मालूम होता है पुराना हलवाई पकाते-पकाते काफी मोटा हो गया है।

मैं चाहता हूँ कि कंज्यूमर को कंसेशन मिले। जो मेरा एमेंडमेंट है वह साफ है। मैंने कहा है कि लाईज 26 से 29 तक ओमिट कर दी जाए। मैं चाहता हूँ इसको मान लिया जाए।

इसी तरह से कैरोसीन आयल और बिस्कुट की बात है। बिस्कुट में आपने कुछ कंसेशन दिया है जिसके लिए मैं आपको बधाई देता हूँ। कोका कोला के दाम बढ़ गए हैं। लेकिन कोका कोला कितने लोग पीते हैं। यह तो अमरीका की हमारे देश को देन है। मैं इसको जरूर पी लेता हूँ, क्योंकि मुझे 51 रुपए रोज मिलते हैं लेकिन मेरे भाई नहीं पी सकते हैं....

श्री पीलू मोदी : अमरीकन एम्बेसी में जाकर कोका कोला पीओ (इन्टरप्शंस)।

श्री स० मो० बनर्जी : मैं तो कोका कोला पीता हूँ। मेरे भाई छिप-छिप कर क्या कुछ पी जाते हैं, इसको भवगान ही जानें।

अध्यक्ष महोदय : भगवान को बीच में क्यों लाते हैं।

श्री स० मो० बनर्जी : ग्लोकोज की भी बात मैं करना चाहता हूँ। इसको मरीज पीते हैं। तन्दुरुस्त आदमी जैसे पीलू मोदी हैं, वे कभी नहीं पीते। मरीजों के लिए यह है, इसको भी हटा दिया जाए। इसी तरह से किताबों की बात है। किताबों पर जो है, उसको भी हटा दिया जाए।

अगर प्रधान मंत्री जी ओमिशन की बात को नहीं मानती हैं तो मैं निवेदन करूंगा कि श्री झा ने एक अच्छा संशोधन दिया है उसको ही मान लिया जाए। एड बेलोरम जहां तीस परसेंट है, उसको कम कर दिया जाए। पंद्रह परसेंट कम कर दिया जाए। कुछ तो कंसेशन बह दें।

श्री कंबर लाल गुप्त : अगर नहीं मिलेगा तब भी आप उनके साथ जाएंगे।

श्री स० मो० बनर्जी : जहां तक हमारा सवाल है हम न उधर हैं, न उधर, बीच में हैं और बीच में रहेंगे। आप लोग उधर जाएं तो जाएं, हम जहां हैं वहां रहने वाले हैं। कहीं जाने वाले नहीं हैं। हां यह जरूर है कि भीम के लड़के घटोत्कच की तरह से हम आपके और उनके बीच में बैलेंस करने के लिए हैं। बड़ी मुश्किल से तारकेश्वरी जी को हम बीच में लाए हैं।

मैं चाहता हूँ कि हमारे संशोधनों को स्वीकार कर लिया जाए।

SHRI P. M. MEHTA (Bhavnagar): My amendments are simple and of a constructive nature. The purpose of these amendments is to remove the hardships and administrative difficulties created by the imposition of excise duties on the containers. Amendment 591 is for deletion of lines 3—10 on page 36, that is entry 46. My amendment No. 590 is a measure to avoid the adverse effect created by amendment No. 591. All these amendments are interlinked amendments. I appreciate the concession given by the Prime Minister to the non-power factory; it is not adequate and it does not touch even the fringe of the problem. The problem is for small scale units which use power and the definition of a small-scale industry is an industry having an investment of Rs. 7.5 lakhs. That is the accepted definition and special care and attention is to be given to them. The excise duty levied on tin container should be dropped and the duty should be levied as suggested in my amendments Nos. 589 to 591. I hope the Government will give careful consideration to my amendments.

MR. SPEAKER : Shri Vajpayee.

SHRI BENI SHANKER SHARMA : Sir, I am one of the movers. If you allow me I shall say a few words. I want to say simply this. The excise duty on tea and sugar is going to affect mostly the common man. I am thankful to the Prime Minister for the little mercies shown in reducing excise duty on certain varieties of tea but that does not solve the problem. There will be refund of excise duty on exports. It

[Shri Beni Shankar Sharma]

is not going to help the producer or the consumer. In the interest of small producers and also the common man. I would request her to reconsider the levy of excise duty on tea. Biscuits are also becoming common man's food. Tea and biscuits are taken by them and so she should reconsider the rate of excise duty on them.

SHRI SURENDRANATH DWIVEDY : Although some small concession on tea has been given, the Prime Minister has not agreed to the amendment omitting the increase of excise duty on sugar. The whole argument is like this; after the budget the price of sugar had fallen. Is it an argument? Is it because additional duty had been imposed, prices had come down? It is well known that since 1948 there has been a steep rise in the prices of sugar, and necessarily the common man suffers. The Prime Minister admits that this is a temporary feature because of more production and therefore, while concluding she said that "however, we are keeping the situation constantly under review", which means that there is no guarantee that the present fall would continue and the prices would not rise. Since this is the position, I would still plead with her, because, so far as the additional revenue is concerned, it is not much. But actually it seems it will hit a large section of our population, poor people who use sugar. It is not a question of what will happen to the sugar mills or not. By omitting this, we are not altogether deleting or withdrawing the duties that has been imposed before. This is only with regard to the increased part of it which is proposed in the Finance Bill that we are asking. Let us not increase at this moment. That is the only argument by which we want that this clause should be omitted altogether.

I hope that even at the last moment she would agree to accept this amendment. That is why I have concentrated on sugar. There are other things also, but I think sugar is most important so far as the people are concerned, and, (Interruption) as the hon. Member is saying, it is the sweetest thing. Let her accept this amendment.

SHRI HIMATSINGKA : I support the arguments which Shri Dwivedy has advanced. It stands to reason that if the excise duty is increased, to that extent

the prices will go up. I do not see how anyone can suggest that in spite of the increase in excise duty the prices will not rise. It may be that the prices have fallen from what they were previously because the prices had gone up very much. This year the production has been very heavy, much more than last year. Therefore, prices have come down. But to the extent that the excise duty has been increased the prices have gone up. If the excise duty is reduced, to that extent the prices will fall.

Similarly, the other amendment is about the motor spirit. The duty on motor spirit has been increased. At present, 72 paise per litre is the tax. Motor spirit is being used by the scooter people, rickshawals and others. Therefore, the consequent increased fares will affect the common man. So, at least on these two commodities, sugar and motor spirit, the excise duty should not be increased.

SHRI SURENDRANATH DWIVEDY : Accept amendment 628.

SHRIMATI INDIRA GANDHI : Sir, I fully share the concern of the House for the common man, because we know that the difficulties in a developing economy are very great. But, as I said earlier, there are people who need some of these things, but there is a very large group who are without the basic things and in order to help the larger group which are doing without some of the basic necessities, we have to take from the other, and that is why we have been compelled to have some of the taxes.

I think so far as sugar is concerned, —(Interruption) An hon. Member : Amend the Bill.

SHRIMATI INDIRA GANDHI : No; it is not possible to have an amendment at this stage of the Finance Bill; there are many reasons. As the hon. Member, Shri Dwivedy said, I did say on Friday that we would keep the position under review. He said that there is no revenue; whereas the total additional revenue is Rs. 28.40 crores. (Interruption).

SHRI SURENDRANATH DWIVEDY : By the additional impost, you are getting Rs. 28.40 crores ? (Interruption).

SHRIMATI INDIRA GANDHI : Out of that, Rs. 83 crores go to the States. What I said is, we have given complete exemption as I said earlier, for many items such as infant food, deshi ghee, and certain other products.

To come back to sugar, I have said that we would keep a watch on the situation. For example, if the free market sugar prices rise significantly, we could consider some adjustments of duty at that time. With regard to rise in prices, first the people said they are going up. Now they have admitted that they are going down, but for different reasons. Our information is that as a result of the taxation proposals, the increase in prices has been 0.6 per cent. But the overall increase of other items as well which are not taxed is 1 per cent. We all know how a lot of people put up the prices even when their goods are not touched by taxation proposals. We had the example on the very day the budget was presented with regard to petrol. This is so with regard to many other items which are not touched by the taxation proposals. This is not something for which Government can be responsible. The responsibility is of the traders and others who put up the prices.

श्री रवि राय (पुरी) : सरकार जिम्मेदार है।

SHRIMATI INDIRA GANDHI : The prices of many things have gone up, which have nothing to do with taxes.

As hon. members know if it is decided to reduce the duty in any way, it can be done by appropriate exemption through a notification under the central excise rules. It does not require any amendment of the Finance Bill.

SHRI SURENDRANATH DWIVEDI : If that power is there, you can as well do away with this.

SHRIMATI INDIRA GANDHI : I have already mentioned about what we have done for tea and so on. We have reduced the duties on all those items which touch the very poorer sections. It is true that the lower middle-class is affected and many people living in the cities are affected. As I said when we see the over 17LSS(C)/70

all picture of the Indian people, we have to consider the necessities of the very larger number who are not touched by these duties and who are very greatly in need of many services which we cannot provide unless we are able to mobilise the resources. (Interruptions).

SHRI KAMALNAYAN BAJAJ : Will you be able to reach the poor ?

SHRIMATI INDIRA GANDHI : We are trying and certainly we are going to reach them. May be we cannot reach every one of them immediately. But we are certainly going to reach them within a very short time. But we can only do it as we raise resources. Hon. members opposite have throughout been resisting mobilisation of resources even from the exceedingly rich people, those whose income is Rs. 15,000 to Rs. 25,000. Let us see all these matters in the proper perspective.

SHRI PILOO MODY : The Prime Minister has been persistently resisting mobilisation of resources from the public sector.

श्री कंबर लाल गुप्त : बुक्स के बारे में आप क्या करने जा रही हैं। उसको आपने पैटर्न और सैम्पल के साथ इन्कलूड किया हुआ है, मैं चाहता हूँ कि बुक्स को वहाँ से हटा दिया जाए।

SHRIMATI INDIRA GANDHI : We have reduced them. It is not possible to separate books. One does not know what is inside the parcel until it is opened.

श्री कंबर लाल गुप्त : मैं चाहता हूँ कि बुक्स को वहाँ से हटा दी जाए।

SHRIMATI INDIRA GANDHI : We have reduced it.

For these reasons, the amendments are not acceptable.

SHRI SURENDRANATH DWIVEDI : Amendment No. 628 may be put separately.

MR. SPEAKER : Amendments Nos. 628 and 10 are identical.

श्री कंबर लाल गुप्त : आप द्विवेदी जी की अमेन्डमेंट ले लीजिए, क्योंकि मेरी और उनकी अमेन्डमेंट एक ही है।

MR. SPEAKER : That is coming earlier. If it is passed or rejected, the other one cannot be brought.

SHRI S. M. BANERJEE : Amendment No. 577 may be put separately.

SHRI SHIVA CHANDRA JHA : Amendments Nos. 148 and 149 may be put separately.

MR. SPEAKER : The question is : Page 29, — omit lines 26 to 29 (10)

The Lok Sabha Divided :

Division No. 33] [17.58 hrs.

AYES

Amin, Shri R. K.

Badrudduja, Shri

Bajaj, Shri Kamalnayan

Barua, Shri Hem

Brij Bhushan Lal, Shri

Dar, Shri Abdul Ghani

Dass, Shri C.

Deo, Shri K. P. Singh

Deo, Shri P. K.

Deo, Shri R. R. Singh

Desai, Shri Morarji

Devgun, Shri Hardayal

Dhrangadhra, Shri Sriraj Meghrajji

Dwivedy, Shri Surendranath

Esthose, Shri P.P.

Fernandes, Shri George

Gayatri Devi, Shrimati

Gopalan, Shrimati Suseela

Gowda, Shri M. H.

Goyal, Shri Shri Chand

Gudadinni, Shri B. K.

Guha, Shri Samar

Gupta, Shri Kanwar Lal

Gupta, Shri Ram Kishan

Hari Krishna, Shri

Hazarika, Shri J. N.

Himatsingka, Shri

Jha, Shri Shiva Chandra

*Kamala Kumari, Kumari

Kandappan, Shri S.

Kedaria, Shri C. M.

†Kothari, Shri S. S.

Koushik, Shri K. M.

Kripalani, Shri J. B.

Kripalani, Shrimati Sucheta

Kundu, Shri S.

Kunte, Shri Dattatraya

Limaye, Shri Madhu

Lobo Prabhu, Shri

Madhok, Shri Bal Raj

Mangalathumadam, Shri

Masuriya Din, Shri

Meena, Shri Meetha Lal

Mehta, Shri Asoka

Mehta, Shri. P. M.

Mody, Shri Piloo

Mohamed Imam, Shri J.

Mohan Swarup, Shri

Mohinder Kaur, Shrimati

Mrityunjay Prasad, Shri

Mukerjee, Shrimati Sharda

Murti, Shri. M. S.

Naghnoor, Shri M. N.

Naidu, Shri Chengalraya

Naik, Shri G. C.

Naik, Shri R. V.

Nair, Shri Vasudevan

Nath Pai, Shri

Nayar, Shrimati Shakuntla

Nayar, Dr. Sushila

Nihal Singh, Shri

Padmavati Devi, Shrimati

Pandey, Shri Vishwa Nath

Parmar, Shri Bhaljibhai

*Wrongly voted for AYES.

†He voted by mistake from a wrong seat and informed the Speaker accordingly.

Patel, Shri Manubhai
 Patel Shri N. N.
 Patil Shri N. R.
 Patil Shri, S. K.
 Purohit, Sh. D. N.
 Poonacha, Shri C. M.
 Rajasekharan, Shri
 Raju, Shri D. B.
 Ram Subhag Singh, Dr.
 Ranjeet Singh, Shri
 Ray, Shri R. b.
 Reddy, Shri N. Sarjiva
 Satya Narain Singh, Shri
 Sen, Shri P. G.
 Sethuraman, Shri N.
 Shah, Shrimati Jayaben
 Shah, Shri Shantilal
 Shah, Shri T. P.
 Sharma, Shri Beni Shanker
 Sharma, Shri Ram Avtar
 Shastri, Shri Ramavatar
 Sheo Narain, Shri
 Singh, Shri J. B.
 Sinha, Shrimati Tarkeshwari
 Solanki, Shri S. M.
 Somani, Shri N. K.
 Sondhi, Shri M. L.
 Tapuriah, Shri S. K.
 Tyagi, Shri Om Prakash
 Umanath, Shri
 Venkatasubbaiah, Shri P.
 Viswambharan, Shri P.
 Vishwanatham, Shri Tenneti

NOES

Achal Singh, Shri
 Aga, Shri Ahmed
 Ahirwar, Shri Nathu Ram
 Ahmed, Dr. J.

Ahmed, Shri F. A.
 Awadesh Chandra Singh, Shri
 Azad, Shri Bhagwat Jha
 Bajpai, Shri Vidya Dhar
 Barua, Shri B. abrata
 Barua, Shri R.
 Basumatari, Shri
 Baswant, Shri
 Bhakt Darshan, Shri
 Bhandari, Shri R. D.
 Bhanu Prakash Singh, Shri
 Bhargava, Shri B. N.
 Bist, Shri J. B. S.
 Bohra, Shri Onkarlal
 Burman, Shri Kirit Bikram Deb
 Chanda, Shri Anil K.
 Chanda, Shrimati Jyotsna
 Chandrika Prasad, Shri
 Chatterji, Shri Krishna Kumar
 Chaturvedi, Shri R. L.
 Chaudhary, Shri Nit'raj Singh
 Chavan, Shri D. R.
 Chavan, Shri Y.B.
 Choudhary, Shri Valmiki
 Dalbir Singh, Shri
 Damani, Shri S. R.
 Deoghare, Shri N. R.
 Deshmukh, Shri B. D.
 Deshmukh, Shri K. G.
 Dhuleshwar Meena, Shri
 Dinesh Singh, Shri
 Dixit, Shri G. C.
 Dwivedi, Shri Nageshwar
 Ering, Shri D.
 Gajraj Singh Rao, Shri
 Gandhi, Shrimati Indira
 Ganesha, Shri K. R.
 Ganga D'vi, Shrimati
 Garcha, Shri D. vinder Singh
 Gautam, Shri C. D.

Gavit, Shri Tukaram
 Ghosh, Shri Parimal
 Girja Kumari, Shrimati
 Govind Das, Dr.
 Hajarnawis, Shri
 Hanumanthaiya, Shri
 Heerji Bhai, Shri
 Hem Raj, Shri
 Jadhav, Shri Tulshidas
 Jagjiwan Ram, Shri
 Jamir, Shri S. C.
 Jamna Lal, Shri
 Kamble, Shri
 Karan Singh, Dr.
 Kasture, Shri A. S.
 Kesri, Shri Sitaram
 Khan, Shri M. A.
 Khanna, Shri P. K.
 Kinder Lal, Shri
 Kisku, Shri A. K.
 Kotoki, Shri Liladhar
 Krishna, Shri M. R.
 Krishnan, Shri G. Y.
 Kureel, Shri B. N.
 Kushok Bakula, Shri
 Lakshmikanthamma, Shrimati
 Lalit Sen, Shri
 Laskar, Shri N. R.
 Laxmi Bai, Shrimati
 Lutfal Haque, Shri
 Mahadeva Prasad, Dr.
 Mahajan, Shri Vikram Chand
 Mahajan, Shri Yadav Shivram
 Maharaj Singh, Shri
 Mahida, Shri Narendra Singh
 Mahishi, Dr. Sarojini
 Mandal, Dr. P.
 Menon, Shri Govinda
 Minimata Agam Dass Guru, Shrimati
 Mishra, Shri G. S.

Misra, Shri S. N.
 Mohammad Ismail, Shri
 Mohammad Yusuf, Shri
 Mohsin, Shri
 Mukne, Shri Yeshwantrao
 Nanda, Shri
 Oraon, Shri Kartik
 Pahadia, Shri Jagannath
 Palchaudhuri, Shrimati Ila
 Pant, Shri K. C.
 Paokai Haokip, Shri
 Pratap Singh, Shri
 Parthasarathy, Shri
 Patel, Shri Manibhai, J.
 Patil, Shri Anantrao
 Patil, Shri Deorao
 Patil Shri, S. D.
 Patil, Shri T. A.
 Qureshi, Shri Mohd. Shaffi
 Radhabai, Shrimati B.
 Raghu Ramaiah, Shri
 Rajni Devi, Shrimati
 Ram, Shri T.
 Ram Dhan, Shri
 Ram Sewak, Shri
 Ram Swarup, Shri
 Ramshekhar Prasad Singh, Shri
 Rana, Shri M. B.
 Randhir Singh, Shri
 Rao, Shri Jaganath
 Rao, Dr. K. L.
 Rao, Shri K. Narayana
 Rao, Shri Muthyal
 Rao, Shri J. Ramapathi
 Rao, Shri Thirumala
 Raut, Shri Bhola
 Reddi, Shri G. S.
 Reddy, Shri Surender
 Roy, Shri Bishwanath
 Roy, Shrimati Uma

Sadhu Ram, Shri
 Saha, Dr. S. K.
 Saigal, Shri A. S.
 Sait, Shri Ebrahim Sulaiman
 Saleem, Shri M. Yunus
 Salve, Shri N. K. P.
 Sanghi, Shri N. K.
 Sankata Prasad, Dr.
 Sant Bux Singh, Shri
 Savitri Shyam, Shrimati
 Sayeed, Shri P. M.
 Sayyad Ali, Shri
 Sen, Shri Dwaipayan
 Sethi, Shri P. C.
 Shah, Shri Manabendra
 Shambhu Nath, Shri
 Shankaranand, Shri B.
 Sharma, Shri Madhoram
 Sharma, Shri Naval Kishore
 Shashi Ranjan, Shri
 Shastri, Shri Biswanarayan
 Shastri, Shri Ramanand
 Shastri, Shri Sheopujan
 Sher Singh, Shri
 Shinde, Shri Annasahib
 Shiv Chandika Prasad, Shri
 Shukla, Shri S. N.
 Siddheshwar Prasad, Shri
 *Singh, Shri D. N.
 Sinha, Shri R. K.
 Sinha, Shri Satya Narayan
 Snatak, Shri Nar Deo
 Sonavane, Shri
 Sudarshanam, Shri M.
 Sunder Lal, Shri
 Surendra Pal Singh, Shri

Sursingh, Shri
 Suryanarayana, Shri K.
 Tarodekar, Shri V. B.
 Thakur, Shri P. R.
 Tiwary, Shri D. N.
 Tula Ram, Shri
 Uikey Shri M. G.
 Ulaka, Shri Ramachandra
 Verma, Shri Balgovind
 Verma, Shri Prem Chand
 Vyas, Shri Ramesh Chandra
 Yadab, Shri N. P.
 Yadav, Shri Chandra Jeet

MR. SPEAKER : The result † of the division is: Ayes 97; Noes 173.

The Motion was Negatived.

श्री मधु लिमये (मुंगेर) : अध्यक्ष महोदय, मेरा व्यवस्था का प्रश्न है। अध्यक्ष महोदय, आज इनका व्हिप किस तरह काम कर रहा है ? और आप देखिए कि आज 173 सदस्य इनके मौजूद हैं। जब कंस्टीट्यूशन अमेंडमेंट बिल आया था तो ये लोग भाग गये थे। आज इनका ढोंग प्रकट हो गया, कितने ढोंग लोग हैं ये।

MR. SPEAKER : I now put amendments Nos. 11 to 18 by Shri K. L. Gupta to vote.

Amendments Nos. 11 to 18 were put and negatived

MR. SPEAKER : I now put amendments Nos. 35, 36, and 37 by Shri S. S. Kothari to vote.

Amendments Nos. 35 to 37 were put and negatived

MR. SPEAKER : I now put amendments Nos. 148 to 185 by Shri Shiva Chandra Jha to vote.

*Wrongly voted for NOES.

†The following Members also recorded their votes :

AYES : Sarvasbri S. M. Banerjee, K. Ramani, Ghayoor Ali Khan, H. Ajma Khan and D. N. Singh.

NOES : Shri Raj Deo Singh and Kumari Kamala Kumari,

[Mr. Speaker]

Amendments Nos. 148 to 185 were put and negatived

MR. SPEAKER : I now put amendments Nos. 329 to 335 by Shri Lobo Prabhu to vote.

Amendments Nos. 329 to 335 were put and negatived

MR. SPEAKER : I now put amendments, Nos. 499, 501 to 504 by Shri D. N. Patodia to vote.

Amendments Nos. 499 & 501 to 504 were put and negatived

MR. SPEAKER : I now put all other amendments by the hon. Members to vote.

Amendments Nos. 577, 578, 588, to 590, 618, 619 and 627 were put and negatived

MR. SPEAKER : The question is :

"That clause 32 stand part of the Bill"
The Motion was adopted.

Clauses 32 was added to the Bill.

Clauses 33 to 39 etc. etc.

18 hrs.

MR. SPEAKER : Now, I am putting all other clauses to vote.

The question is :

"That Clauses 33 to 39, the First Schedule, the Second Schedule, Clause 1, the Enacting Formula and the Title stand part of the Bill".

The motion was adopted.

Clauses 33 to 39, the First Schedule, the Second Schedule, Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRIMATI INDIRA GANDHI : I move :

"That the Bill, as amended, be passed"

MR. SPEAKER : Motion moved :

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

SHRI BAL RAJ MADHOK (South Delhi) : Mr. Speaker, Sir, as was to be expected, the Finance Bill is going to be passed and the seal is being put on anti-people Budget brought forward by a Govern-

ment which swears by the name of the people.

Here is the Budget and the Finance Bill which has raised the prices on the common man's needs by 10 per cent during the two months and the impact on prices in the days to come is going to be still more. The result is that the common man for whom the Prime Minister and the so-called socialists—they are not socialists; they are the Russian stooges, more or less—talk so much is going to suffer and is suffering. They have no concern for the common man. They are doing things which are contrary to the interests of the common man.

Even the Government employees who are the worst sufferers are not being given any relief. The demand for an interim relief which was voiced in this House by almost all sections of the House has not been accepted. May be, they think that because they have a majority and because they have the support of the Communists and some other elements, they can carry on. But I want to warn them that the people of this country cannot be deceived for all times. You can deceive some people for some time. You cannot deceive all people for all times.

The impact of this Budget is going to be felt and it is already being felt by the common man. Therefore, the remedy is there. You may not see. But the time it is coming when the nemesis will come on to your heads and the country will take revenge for the anti-people Budget that you have brought forward in this House.

SHRI N. K. P. SALVE (Betul) : Mr. Speaker, Sir, a closer look at the various adverse comments made by the Opposition Members, if made objectively, reveals only one thing that the basic objections and criticisms that have been made are out of entirely different political and socio-economic philosophies that they subscribe to.

With in the constraints of the resource and the imperatives of the commitments and the pledges, it was not possible, I consider, to draw out a fiscal legislation to contemplate provisions as they are provided in the Bill, which could be more prudent, more just and with greater financial finesse.

Several things have been stated about this Budget and the Finance Bill. One aspect to which, I think, it is very necessary to draw the attention of the House and the Prime Minister is that in her Budget speech, she stated that it was imperative and necessary to expand the base of our tax structure and also to augment the direct tax revenues. But the proposals which have been made are extremely inadequate. They will neither expand the tax base nor will augment the tax revenues. It may be a futile exercise to determine whether India is the highest taxed nation or not. It may not be necessary to consider whether this dubious distinction should be given to India. It is however, absolutely clear by a study made by the staff of the International Monetary Fund that India stands 21st amongst the 52 developing countries in its tax-efforts. This is because our tax pattern is inflexible and rather inelastic. I submit it is very necessary to dynamically revolutionise the entire tax pattern. I suggest we should switch on, as soon as we can to taxation of income on the turn-over basis or what is known as the gross-receipt basis.

Shri Lobo Prabhu has stated that 93.5% taxes have been levied and that if you damn the rich, the poor will also be damned. I do not subscribe to that view. But I do protest against taxes being levied at 93.5% the highest marginal relief of taxation on personal incomes. This higher rate is not going to affect the rich; not many assesseees belonging to the business houses whom Dutt Committee has mentioned would ever be affected by 93.5% rate of taxation. It is only the honest who will be affected. I am not worried about the rich. It is already written in the gospel. It is written in the Bible :

"It is easy for a camel to pass through the eye of a needle than for the rich to enter the kingdom of heaven."

Thus, sir, entry into heaven is prohibited for the rich. They are already damned in the next world. And we are entitled to damned in this world *via* Tax Laws ? Sir, I am not going to shed any tear for their predicament either in this world or in the next world. My only submission is that in the process we must not draw the

honest section of the society which in reality is not rich and subject it to the highest rate of taxation.

SHRI J. MOHAMED IMAM (Chitradurga): Sir, of all the Bills that are being introduced in this House, the Finance Bill is the most unwelcome Bill and also an anti-social measure as pointed out by my friend, Mr. Madhok, because it unfolds pains and penalties in the form of additional taxation resulting in intense misery. This has become an annual feature. Now, year after year the burden of taxation is increased and with the arrival of inflation the people are groaning under the crushing burden of taxation. This is not the end of it. The future also is very dark and gloomy because there are threats of further taxation.

The Prime Minister is pleased to state that additional resources must be found in order to see that the country prospers. She seems to believe that greater the tax rate, the more the prosperity of the country and the more the prosperity of the people. I may state that no nation can tax itself to prosperity and that is one of the crudest beliefs that can be entertained. A socialist government has been in charge and they have been administering the country for the last 20 years. The country is under a socialistic programme. With what results, Sir? Year by year taxes have been raised. Year by year prices have gone up. Is there any fleeting sense of prosperity to the common man? Is there any fleeting sense of prosperity for the wage-earner or the poor people? I may say, Sir, that year after year we are subjecting the poor people to more and more taxation. There are people who are under-fed, under-nourished and under-clothed. I might mention that people who have no extensible means of living and who are unemployed have been committing suicide. Just recently in the State of Mysore in the city of Hubli one man threw both his children into a well and he himself committed suicide in order to escape the pangs of hunger. Such things are going on throughout the country. There are glaring instances where people have been selling their children and this is the result of this 20 years socialist rule.

The Prime Minister may succeed in imposing more taxes. They may succeed in

[Shri J. Mohamed Imam]

destroying wealth. I may state they will succeed only in creating poverty. The Prime Minister must take the counsel of the Past and draw wisdom for the future. The chief enemy and the greatest enemy of mankind is inflation. It is the greatest enemy to the poor and the common man but the Prime Minister and the Government have been playing fast with inflation. What are the common causes of inflation? The main causes of inflation are over-taxation, over-expenditure and deficit financing.

Regarding taxes, much has been said till now & we had a marathon sitting. People have pleaded for reduction of Taxes. The Income-tax rates are being raised. In fact, we, on this side have often pleaded that at least the exemption limit must be raised to Rs. 7,500, but the Prime Minister, in order to raise more funds has not agreed to that suggestion. Do you consider, Sir, that a man who gets Rs. 7,500 to be a rich person? Can he be classified as rich? Under this Bill Income-tax is proposed to be increased on such persons. Will the Finance Minister and the Prime Minister say that a man who gets an income of Rs. 7,500 is rich, in these days of inflation? Unfortunately, Sir, by these arbitrary measures of raising the rates of Income-tax, the productive capacity of the country will go down, and there will be no incentive for earning by increasing these taxes and they will only be encouraging the evasion of taxes.

I may just mention a few words about the Gift Tax. About this Gift Tax, I am not sure if there is any corresponding Act existing in any other country in the world. In fact, so far as I know, in many countries, they encourage Gift and Charity, as was pointed out by Mr. Dandekar. Here, Sir, we want to penalise the man who offers gift and who offers charity. This is the most uncharitable Bill and I plead that the sooner she abolishes and she abrogates this Gift Tax act, the better it will be for the country and many people will come forward to donate for charitable purposes.

I now come to indirect taxes. I think, the Prime Minister has inflicted the most unkindest cut on the poor man and the poor wage earner by increasing the excise duties on such commodities of daily requirements which are needed by the common man.

And, Sir, the combined net effect of this is that the prices of the articles of the common have gone up and it is the poor that are to suffer.

Children will have to pay more for their chocolates and their biscuits. We have to pay more for our food, for the aerated water, for cigarettes, for petrol. For all these things we have got to pay more. This is the effect of these indirect taxes. I think, therefore, that this is the unkindest Act and an anti-social measure.

Now I would like to say a word about expenditure. The Government's over-expenditure is responsible for inflation. Of the total revenue that we get, over 75% goes for manning of the civil servants and Government servants, any very little is left for the common man. All this expenditure is put on the common man who has to bear all this burden. You can divide the people into two categories, tax payers and tax consumers. The tax payers form 75% and the tax-consumers form only 10%. The greater the expenditure of Government, the greater is the taxation. The Prime Minister must see that she effects economy in administration. There must be quality and not quantity, in administrative services.

Our public sector should work better. What happens now is that our public sector results in a loss of Rs. 125 crores every year. If it is a private sector, the man who manages the industry will have to bear the losses; but in the public sector, the loss is thrown on the common man and he has to pay for this huge loss. I submit that it is this over-taxation and this extra-expenditure and the deficit financing which pushes prices up and causes inflation and the Prime Minister, I think, must undertake measures of economy, must reduce expenditure, and thus save the people from further taxation in future. Thank you.

MR. SPEAKER: There are only ten minutes left. I can give you two minutes each.

SHRI HIMATSINGKA (Gaddi) : Mr. Speaker, Sir, the House will not mind voting more taxes. But they feel that a large sum of money is being collected from

the people and is being spent on administration. Also it is being eaten up by a large number of public sector undertakings which are losing every year.

I have got a report here which I have got three days ago about the Heavy Electricals (India) Ltd. Out of its capital of Rs. 50 crores, it has already lost Rs. 43.76 crores. Similarly, for M.A.M.C., its capital was Rs. 19 crores whereas it has lost Rs. 21 crores.

Therefore, the money that is being collected is being spent in this fashion. That is why we feel that the tax that is being collected from the people is being misused. Therefore, I feel that steps should be taken to reduce the expenditure and also to see that the public undertakings begin to work properly and begin to give profits. In that case, there will be no occasion to increase the excise duty or to increase the taxation. If our public undertakings are going to give at least 100% of the money invested, it will give at least Rs. 400 crores every year and it will mean that a large amount of taxes that is being imposed on the proper and other sections of the people can be avoided. The public charitable trusts have been doing a lot of useful work. Therefore, I feel that attention should be diverted to that so that this can be saved.

MR. SPEAKER : I am going to call only the names from the list given by the Whip. I cannot go out of that. If you have already submitted that, you should stick to it. Shri Ahmed Aga : I shall give you only one minute.

SHRI AHMED AGA (Baramulla) : I would have not offer to speak on the budget at the third reading stage. My fear is that it is true that this budget is going to take us towards our goal and most of the speakers have accepted that. But the budget is to be implemented by various persons at various levels in this country.

Therefore, it is possible that the budget might not be implemented in the manner or in the spirit in which we have adopted this. The grants which we have sanctioned might not be utilised as expected by Parliament.

All that the Parliament does is to sanction grants. These are spent at various

levels by various agencies. Therefore, I feel that it would be necessary for the Government to issue some policy directives also so that we can go anywhere near the goal we desire to reach.

खो गये राहें बफा में रखा कुछ ऐसे
खुद भी मालूम नहीं हम कहाँ तक पहुँचे
कहो कौन राहें वफा में रखा कुछ ऐसे
खुद भी मालूम नहीं हम कहाँ तक पहुँचे

I mean to say that these twenty years period is not too long a period for the transformation of society. But after twenty years of planning and all that, if we do not know why we are not anywhere near the goal, then there is some thing definitely wrong somewhere. What for are we sitting here? We are representing our constituencies. When we are passing this budget, we have to tell you that there is a great disparity that still exists. There are still people who are drawing more than a lakh or two of rupees as their remuneration as company directors. But 70% of the population draw Rs. 19 as their monthly income. There are monopolies in very essential commodities. Our future generation is not able to get proper food and proper nutrition. I want that Government should issue a policy directives so that things do not go wrong.

MR. SPEAKER : There are very important speakers waiting to speak. Shri Sheo Narain is waiting.

SHRI AHMED AGA : They may use the police to crush agitations and troubles, but when the people are land-hungry, if you do not want to implement land reforms quickly, the trouble will always be there, and police action would not be able to do anything.

We have nationalised the banks now. Therefore, it is very important that the small-scale industry people, the agriculturists, the farmers and those who are vocationally trained should get money from the banks so that they can establish themselves in business and can produce the commodities essential for the life of the community, so that we can break the sellers' market and create a buyers' market at least where the commodities which the common man needs and which are commonly used could be made available at fair prices.

[Shri Ahmed Aga]

It is not right on the part of the Opposition to say that the public sector has been wasting money..

MR. SPEAKER : The hon. Member should conclude now.

SHRI AHMED AGA : There are just two more points that I want to make. I have not spoken at all during the budget discussion so far.

So far as the public sector is concerned about a few days ago, one of my colleagues had organised a seminar at Vithalbhai Patel House, and we had invited the public sector representatives there, and a very frank discussion took place, because there was nothing wrong in looking into the matter. But we have also to see how the public sector which is the basis of our foundation takes us ahead. Only lately Mr Pearson, the Prime Minister of Canada, had sent a report on behalf of the World Bank in which he said that reformed Congress under Mrs. Gandhi is likely to do real development, now around the corner.

MR. SPEAKER : Is the hon. Member conscious of the time factor?

SHRI AHMED AGA : I have to develop my point and build upon it. How can I do it in a shorter time? He confirmed that the Congress under Mrs. Gandhi.....
(Interruptions)

MR. SPEAKER : The hon. Member should conclude now.

Shri Tenneti Viswanatham.

SHRI TENNETI VISWANATHAM : (Visakhapatnam) : It is, of course, nice to see that the Prime Minister has come unscathed in this budget session. But her real trouble begins from today because she has now got all the resources in her hands as she wanted, and the House has been generous enough, but generous hopes have been raised in the minds of the people of this country, especially the middle income and the poorer groups who form the vast majority in the country. I only trust that she will have the boldness to set right all the inadequacies in the administration so that the resources can be utilised for the betterment of the ordinary sections of the people and also to give concrete shape to the great hopes that she has raised in his budget.

One thing which the House has demanded today is to show some proof of her sympathy for the common man by reducing somewhat the excise duty on sugar. I suppose her mind was really bent in that direction, but the regular official procedure, perhaps, has not allowed it. But I hope that she will see ways and means to give some relief to the poor people in the matter of excise duties. In fact, as I had said, unless she gives a holiday to further increases in excise duties, she cannot build up the common man in this country.

AN. HON. MEMBER : Holiday for all excise duties?

SHRI TENNETI VISHWANATHAM : Not on all excise duties, but for the increases. At least they could be maintained at the present level without any increases year after year and upsetting all the plans which she has in her mind to improve the lot of the people.

श्री भवल सिंह (आगरा) : अध्यक्ष महोदय, यह बड़े दुर्भाग्य की बात है कि हर साल हमारा बजट डेफिसिट बनता है। मैंने प्रधान मंत्री जी से कहा था—अगर आप देश को खुशहाल बनाना चाहती हैं तो हमको सरप्लस बजट बनाना चाहिए। हमारी जितनी पब्लिक अण्डरटेकिंग है, उनके चेयरमैन और डायरेक्टर्स को आगाह किया जाए कि उनको कम से कम 10 परसेंट फायदा देना होगा। अगर हमारी ये पब्लिक अण्डरटेकिंग 10 परसेंट फायदा हमको दें तो उनसे 750 करोड़ रुपया हमको मिल सकता है, जिससे हमारा बजट सरप्लस बन सकता है। लेकिन हमको हमारी पब्लिक अण्डरटेकिंग में नुकसान होता है, जिसकी वजह से हमारा बजट डेफिसिट होता है। इसलिए मैं चाहूंगा कि उनको आगाही दी जाए कि भविष्य में वे हमको प्राफिट दें, वरना उनकी सेवाओं को खत्म कर दिया जाए।

डा० गोबिन्द बास (जबलपुर) : अध्यक्ष जी, मैं प्रधान मंत्री जी को इस बात के लिए बधाई देना चाहता हूँ कि उन्होंने प्रधान मंत्री और वित्त मंत्री—दोनों रहते हुए इस वर्ष के बजट को इतनी सुयोग्यतापूर्वक इस सदन

में पारित करा दिया। यह सबमूब में कांग्रेस दल के लिए गौरव की बात है कि उन्होंने अपने कार्य को इस बजट सेशन में इतनी अच्छी तरह से निभाया।

अन्त में मैं फिर उनको इस बात के लिए बधाई देता हूँ।

SHRI S. KANDAPPAN (Mettur) : Though we are accused of always supporting the Government, I think today the Jan Sangh, the Swatantra and Cong. (O) should feel more happy because we found that many of their viewpoints were acceptable to the Prime Minister. So the Prime Minister, in spite of the difficulties, rather tried to accommodate all sections. I hope as Shri Viswanatham wished, she would succeed in her endeavour and fulfil the ambitions and hopes already created.

There was an indication in her concluding remarks that with regard to sugar, she was going to reconsider the issue. I hope not only with regard to sugar but about other articles too, as we go on experimenting, she will keep her mind open and see that wherever pressure is most felt on the weaker sections, she should try to mitigate the hardships.

I wish to touch on two more points. I hope you will be indulgent to me as we from the DMK benches have not spoken on any of the 700 amendments. As regards the agricultural wealth tax, which had been introduced last year and is to take effect from this year, in some States we have already agricultural income tax. If it is left to the States, I feel the collections would be easier and the structure would be more rationalised instead of having a common collection from here which is to take effect from this year; and the quantum that is expected to be realised is only Rs. 5 crores.

From many States even in regard to this Finance Bill, I find almost all the sections, to whichever party they belong, have been complaining that their state is not getting the due share. This kind of suspicion and recrimination has been going on jolly well for the last two decades. This tendency should be arrested and something should be done. On that count, there is a genuine case for the Prime Minister to consider

whether it is not time to decentralise some of the financial powers to avoid this recrimination in future (Interruption). I am sure my hon. friend would accept the position that it should be with the States and not with the Centre.

Another thing, which is more important. Recently they have announced a Pay Commission. I find that the terms of reference say that the pay Commission should take into account the impact of its recommendations on the State employees also, but it is very vague. I do not know how far the Government is going to meet that impact, or whether the Pay commission will only keep in mind the impact and try to give the minimum rise that is possible to the Central Government employees, instead of giving them the due that is demanded because of the inflationary trends today. Here I feel that the States have got a genuine case. I think nobody in this House can argue that the inflationary trends are created by the State Governments. No State can do that except to the extent of the small pittance that they get out of sales tax. The excise and other duties and deficit financing which create this tendency are imposed by the centre and not by the States. So, I feel that it is a genuine demand of the States that if a revision takes place at the Central Secretariat level, it should automatically get into effect in the States also and the increased financial liability should be at least partially made up by the Centre.

श्री शिव नारायण (बस्ती) : अध्यक्ष महोदय,

न पैमां शिकन हैं न गहार हैं हम,

बतन परबरी के खतावार हैं हम।

मैं इन्दिरा जी से अपील करना चाहता हूँ कि बजट तो आपका पास हो गया, लेकिन आपने जो भेदभाव तमिलनाडू और उत्तर प्रदेश के साथ किया है, वह उचित नहीं है। आपके पास इन्साफ की तराजू होनी चाहिए। जैसा कि कन्डप्पन जी ने कहा है मैं भी कहना चाहता हूँ बीती ताहि बिसारिए, जाने की सुधि ले। अब भी कल्याण है। बाज कहीं भी ला एण्ड आर्डर नहीं है। बंगाल में माताओं

[श्री शिव नारायण]

के सामने बच्चे कत्ल किए गए और उनके खून से उनको नहलाया गया। यह सब आपकी रिजीम में हो रहा है और इसकी सारी जिम्मेदारी आपके सिर है। चाईवासा में 30 मुसलमान कत्ल कर दिए गए। आज हरिजन कत्ल किए जा रहे हैं। हमको कोई भी राहत नहीं है। (व्यवधान) आपकी वैदेशिक नीति फेल हुई है। कम्बोडिया में आप जबान खोलकर बात नहीं कर सकते हैं। आप एशियन ब्लाक के चेयरमैन हैं लेकिन आप सोचिए कि आप कहां जा रहे हैं। अमरीका में विद्यार्थी और प्रोफेसर खिलाफ आवाज उठा रहे हैं (व्यवधान) आप लोगों की चापलूसी की वजह से ही यह सरकार मझधार में है। कम्युनिस्ट ब्लाक की बदौलत ही यह गवर्नमेंट आज चल रही है। (व्यवधान) इस गवर्नमेंट का काम सिर्फ स्टेट गवर्नमेंट्स को टापुल डाउन करना रह गया है। आपके मिनिस्टर्स राज्य सरकारों को गिराने में लगे हुए हैं। (व्यवधान) तेलंगाना और मनीपुर की डिमांड को स्वीकार करके उन्हें स्टेट देनी चाहिए। मैं फूड मिनिस्टर साहब से भी कहना चाहता हूं कि आप रूलिंग कांग्रेस प्रेसीडेंट भी हैं, आज हरिजन पीछे जा रहे हैं। वे भूखे मर रहे हैं लेकिन उनको नौकरी नहीं मिल रही है। मैं बाबू जी से निवेदन करूंगा कि आप हरिजन बच्चों का खयाल कीजिए और उनको नौकरी दिलवाइए।

श्री शिव चन्द्र झा : अध्यक्ष जी, मैं केवल एक शब्द ही कहना चाहता हूं। अगर देश का विकास करना है तो उसके लिए साधन चाहिए। लेकिन आजादी के बाद पंचवर्षीय योजनाओं के मातहत जिस रूप में विकास हुआ है, उसका जो सम टोटल आता है वह आखिर में विकास के खिलाफ ही जाएगा। मतलब यह कि योजनाओं के बाद जनता में जो फर्क है वह बढ़ा है। पब्लिक सेक्टर बढ़ा है, उसको बढ़ाना चाहिए लेकिन उसके साथ-साथ प्राइवेट सेक्टर भी बढ़ा है।

इन दोनों में बड़ा विरोधाभास है। दोनों ही नहीं सकते। हंसना और मुंह फुलाना एक साथ नहीं हो सकता है। एक म्यान में दो तलवारें नहीं आ सकती हैं। हिन्दुस्तान की जो व्यवस्था है उसमें या तो पब्लिक सेक्टर रहेगा या प्राइवेट सेक्टर रहेगा। प्राइवेट सेक्टर के दिन अब लद गए दुनिया में। आपने 14 बैंकों का राष्ट्रीयकरण किया, पूंजीवाद के नाजुक अंग पर चोट लगाई। अब वह पूंजीवाद विषधर के समान फूँकार करता है। अब आपका फर्ज हो जाता है कि आप वही करें जो डा० राम मनोहर लोहिया ने किया। डा० लोहिया ने कहा कि विषधर को छेड़ो नहीं, यदि छेड़ा है तो छोड़ो नहीं। आपने पूंजीवाद को छेड़ा है और आपका फर्ज है कि आप पूंजीवाद को समाप्त करें।

SHRI VASUDEVAN NAIR : (Peermade)
Mr. Speaker, I think some plain speaking is necessary now. We had been discussing the budget for many weeks; we discussed some of the Ministries and also the general budget. There was no basic departure from the previous budgets although I concede that an effort was made to mop up resources by additional new taxation of personal income. But the pattern of heavy indirect taxation continued and I am sorry to say that in spite of the efforts made by the entire House, I am sure that even some congress Members are unhappy at the heavy dose of indirect taxation on the people of this country. In spite of the best efforts of the Members, the Government were not in a position to give relief and reduce the heavy taxation on the people. The Government say that it is a question of mobilisation of resources. My party holds the view that there is enough scope for mobilising resources, not by taxing people to this extent but by tapping the resources from the richer sections of the people. It is almost two months since the budget session begin and in the background of important political developments that took place in this country, I should like to tell the Government that the feeling is already gaining ground that things are perhaps going to take the old shape. Government promised to cite just one

example—that they would at least abolish the privy purses. It is dead certain—why should I say almost certain—that we are not going to pass that Bill and they are going to explain it away by saying we have promised only the introduction of the Bill in this session. By that kind of technical explanation they are going to get away from it and postpone it for the next session. Mean while we know what is going on behind the scenes within the party and in the highest circles. They are all in the newspapers and everybody knows what is happening. Almost all parties wanted the Government to announce interim relief for the Central Government employees—millions of them. I need not dilate on the necessity for that. Government could not accede to that request; they say the amount involved will be very big. They may also say that they can increase the salary of the IAS officers because the amount involved is not very big. There again the amount involved will be the main criterion. For people like me, it is not only a question of the amount; it is a psychological question. If you are so eager to put up the salaries of Class I officers, IAS and ICS officers and other big people in this country by Rs. 200, 300 and 500—for them, you have got so much consideration in your mind—and then if you cannot do anything for the millions of the Central Government employees, then the question of approach, the question of perspective, the question of a basic policy comes into prominence. If this is the kind of attitude that the Government is going to demonstrate, and if this is the kind of basic policy that the Government is to pursue, I would like to take just one minute more—I would like to say that we do not at all approve of the concessions that the Prime Minister has announced as far as the concession on wealth-tax on farm property is concerned. According to us, that is a concession given; that is a step down from the old position taken by the Government. According to us, there was absolutely no necessity. Is it that the Government has bent down due to some pressure? If this is the trend that the Government is going to adopt, if this is the kind of policy that the Government is going to adopt, I would like to say that all the tall talk that at they were engaged in all these months prior to the

convening of this session, about socialism, about the kind of new things that they were going to bring about, about the kind of revolution which they are going to bring about in this country will have no meaning. People will be losing all the faith in that kind of talk.

So, it is high time that the Government began to translate their declarations into actual practice. Let us all together in this country, even at this stage, try by our actual practice—all of us together and I do not want to blame anybody—to do good to the people. A lot of austerity is needed today. By our actual practice, let us try to implement the policy and the programme of action by which the common man feels that the leadership in this country means business and not only tall talk. That is what we have to say on this occasion.

SHRIMATI INDIRA GANDHI: First of all, I should like to express my appreciation and thanks for the high level of the debate, which Members on all sides of the House have maintained throughout the discussion on the Finance Bill. I should like to thank the hon. Members for the consideration and the courtesy which they showed me throughout the course of this debate. I wish it had been possible for me to respond in a more generous manner to the very useful suggestions which were made by some of them. But hon. Members are aware that our task is a long and arduous one and we have chosen the most difficult manner in which to achieve it; that is, with the consent of the people. And the people's views vary greatly. Each one of us sitting in this House has been elected by the people, and can claim to speak to some extent for the people from where he comes. And yet, we express very divergent views. So, in order to do anything, it is necessary to try and follow a road on which if one cannot take the people wholly with one, one can at least take them partly. This is what we are endeavouring to do. And it is only the imperative needs for the mobilisation of resources, without which we cannot implement our programmes for development and for the progress of the nation, which has made it difficult for the Government to accept some of the suggestions for tax relief, however justifiable these suggestions might, otherwise be.

[Shrimati Indira Gandhi]

In the course of the speeches of hon. Members one gets an impression that they regard taxation as a kind of punishment; they say such and such work is deserving such and such group is a good one; and ask why they should be taxed. As I have tried to explain earlier, taxation is only a method by which in a way you get the co-operation of the people. In India we have a tremendous task on our shoulders.

One hon. Member, I think of the Swatantra party, was talked of the burden of taxation. It is true the burden of taxation is there. But there is another burden, the burden that has been on the Indian people for hundreds of years, the burden of poverty, the burden of economic backwardness, the burden of social injustice. These can only be removed if we can go ahead with certain programmes. We cannot go ahead with them unless all the people cooperate in this task and the people cannot, mean a few of the rich. We have increased the taxation on the richer sections and all day we have heard from one section of the House, how very steep and unbearable this is for them. So, we have made an effort, but it is not enough. Every single person who gets a little more than his brothers and sisters must contribute something for the welfare of those who have less than he has. This is the burden of this budget and this must be the burden of our lives in India.

Somebody talked of a holiday from excise duties. I think it was Shri Viswanatham. I am afraid there can be no holiday for us here. As my father said, these are years of hard work and burdens—financial burdens, work burdens and all kinds of other burdens. This is not the time to let up or sit back. An hon. Member asked, is the person who gets Rs. 7000 rich? From which angle do you approach the question? He may not be rich from my angle or from the hon. member's angle, but he is certainly rich from the angle of the adivasi in a remote area of Orissa or Bihar or somewhere else or some of the people who live in the slums here. It is a question of relative richness and relative poverty and relative capacity to bear the burden.

In this budget, we have not tried to spare anybody, because we felt that it was not a burden, but it is really a privilege for people

to participate and to help in this great adventure of building a new India. We have heard a lot of talk about incentives. I think there can be no greater incentive than for us to feel that we are ourselves involved in this task. We know sometimes when we collect funds that it is the poorer people who give with the greatest enthusiasm. Quite often they cannot afford what they give. Even when funds were being collected after the fighting on our borders in 1965, if, one compared the earnings of the people with how much they gave, one would have no hesitation in saying that the poorer people gave more than the others. Yet they gave. There was no coercion or even persuasion. They gave because they wanted to be a part of the Defence of India, in strengthening the nation. That is the kind of attitude we want from those who can well afford to give. Therefore, I hope that hon. members will start this new financial year with this new attitude.

I am glad that some members have spoken of the spirit of cooperation. It is true that nothing at all can be achieved without co-operation. We must try to see how we can all work-together. An hon. Member said—I do not remember who—that I should have an open mind. I think I do have an open mind, but hon. members will agree that the mind should not be a passage. After considering the problem it has to be closed down on something, on some ideology, on some programme.

As I have said, the fight against poverty and against our many problems is a long one and the work of rebuilding our social structure cannot be accomplished in just a few years. However much we desire it, however hard we work, however much we can mobilise resources, even then it cannot be achieved in just a few years. Disparities cannot be ended immediately. So, it is a long road and each new step needs careful thought and preparation. It is easy enough to say that one should suddenly and immediately sweep away the whole system and the whole establishment as it exists today. It is easy to say, but this also would exact a heavy price. Would the paying of such price at this moment accelerate our development. Would that help us move faster or would it delay us? Today any members, even

those who have criticised us, have pointed out that we are poised for quick advance. Let us take advantage of this situation and work together and in harmony I am sure that the process of development will gain in tempo and that we will be able to achieve the aims which we have set for ourselves. I do not believe in tall talk; nor have I ever indulged in it. I have not used extravagant phrases regarding what we want to do. On the contrary, I have deliberately understated what we have to do, so that perhaps, we will be able to do more than that. May I hope that in this task I shall have the understanding co-operation of the whole House? Once again I would like to thank you and the hon. Members.

MR. SPEAKER: The question is :
"That the Bill, as amended, be passed"

The motion was adopted.

MR. SPEAKER: There is a half-an-hour discussion. Is the hon. Member pressing it ?

SHRI SHRI CHAND GOYAL: I will not, provided it will be taken up on some other day?

MR. SPEAKER : All right. We will postpone it.

18.52 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday May 7, 1970/ Vaisakha 17, 1892 (Saka)