

हुई है और जिनके खर्च पर कोई सीमा नहीं है, आप उस सीमा को बाँधेंगे और उसके लिये कोई कड़े से कड़ा कानून बनायेंगे ?

SHRI R. VENKATARAMAN: Sir, so far as the blackmarketeers are concerned, we have already passed a law by which we are going to take stringent action against the hoarders and blackmarketeers.

So far as the ceiling on income is concerned, this Government's policy is to approach taxation in a pragmatic way and not from the doctrine point of view.

SHRI K. LAKKAPPA: Sir, I put Question No. 289.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SAWAI SINGH SISODIA): Sir, I reply to Question No. 289.

MR. SPEAKER: Let there be no collusion.

News Item Captioned "Rs. 3 crores tax Evasion uncovered"

289. **SHRI K. LAKKAPPA:** Will the Minister of FINANCE be pleased to state:

(a) whether his attention has been drawn to the news-item captioned 'Rs. 3 crores tax evasion uncovered' appearing in the Indian Express dated 12th November, 1981;

(b) if so, full facts thereof;

(c) full particulars of the firm involved;

(d) action being taken in the matter; and

(e) action proposed to avoid recurrence of such tax evasion by the said firm and others?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SAWAISINGH SISODIA): (a) Yes, Sir.

(b) to (e): A Statement is laid on

the Table of the House.

Statement

Acting on reliable information that M/s. Continental Construction Company, a Private Ltd., Company, engaged in the construction work at Visakhapatnam port was evading income-tax, the Income-tax Department conducted search and survey operations on 19-3-81. These operations were mainly directed towards recovery of documents which indicated large scale tax evasion by the company which in fact were obtained during the course of these actions. Examination of these documents, *prima facie* indicate that the company had evaded income to the extent of Rs. 3 crores over the Assessment years 1972-73 to 1977-78 by making false claims on account of depreciation and development rebate. Appropriate action has already been initiated under the Income-tax Act by the department in the case. To tackle such cases, the Income-tax Department has also strengthened its anti-tax-evasion machinery.

SHRI K. LAKKAPPA: Mr. Speaker Sir, M/s. Continental Construction Company is a Delhi-based one and is having a huge contract at Visakhapatnam Port. According to the information that has been placed on the Table, I must congratulate the Finance Minister on taking very prompt action. But there are certain duties to be carried out regarding further action on the tax evader. I think, this firm is not only involved in a scandal of Rs. 3 crores but it is more than Rs. 3 crores over the last ten years. The statement does not disclose various details such as the *modus operandi* of tax evasion at various stages. I would like to know, therefore, the action proposed to be taken and the *modus operandi* of this tax evader who had given a false claim on account of depreciation and development rebate.

SHRI SAWAISINGH SISODIA: As far as the recent tax evasion is concerned, a raid was conducted on the

19th March, 1981 and appropriate action has been initiated. It is under investigation and prompt action being taken.

As for the second part of the question, the Department is of the view that the figures and reasons given by the company for the Assessment years 1972-73 to 1977-78, are not true. So we have initiated action to reopen the Assessment of 1972-73 and onwards and an explanation has also been called for. The Department is quite alert and every necessary action according to the law is being taken.

SHRI K. LAKKAPPA: Sir, in the year 1977-78, by making a false claim of depreciation and development rebate, he defrauded the Government. He must know who were running the Government during that period and how they accepted the false claim? The second point is whether the firm has been blacklisted by the Government. According to Section 155 (6) of the Income-tax Act, the Department is empowered to recover the arrears from the firm if they made a false claim on account of depreciation and development rebate. The entire amount, as per the Act, is recoverable. What are the administrative and legislative measures taken to see that this firm is blacklisted and the entire amount standing till that particular point of time is recovered?

SHRI SAWAI SINGH SISODIA: The hon. Member will be pleased to know that it was only this Government that has taken action in 1981. For the assessment year 1972-73 in the course of the original assessment proceedings, the Company had claimed deduction on account of depreciation charges on the machinery while appearing before the ITO. Subsequently, the Department received information that the machinery had never been transferred through sale by the Port Trust authorities to the assessee com-

pany and that it was only provided by the Port Trust for their temporary use. Therefore, the information received by the Department was contrary to what had been claimed by the assessee company. The intelligence wing of the Department found actual facts and action has been initiated.

As far as the legislative and administrative measures to combat black-money are concerned, there are several measures, legislative as well as administrative, which this Government has taken. I will not take more time of the House because there are many legislative and administrative measures which the Government has taken. But the important ones are the following :—

Section 69A deals with bringing to tax unaccounted money, bullion, jewellery or other valuable articles. The powers of search and seizure and the powers of entry and survey exercised by the Income-tax authorities have been enlarged. Provisions have been made to curb transactions in black money. The law barring enforcement of any right in respect of any property held in 'benami' unless the provery has been disclosed to the Income-tax Department has been made. Provision exists for compulsory maintenance of accounts in respect of specified professions and above certain prescribed limits of income/turn-over for business and other professions.

Regarding the administrative measures, Commissioners of Income-tax have been directed to make full use of the intelligence units to plan and carry out searches in their Charges and also to intensify search and seizure operations. The Cs. I.T. have been asked to follow up market reports about the collection of on-money on sale of scarce commodities etc. The power of survey of the Income-tax authorities have been enlarged. Special Investigation Circles have been

set up. Survey operations have been intensified. The drive for educating the tax-payers has been intensified. The machinery for collection, collation and dissemination of useful information both for discovering new assesseees and for locating concealment in the cases of already existing assesseees is being streamlined.

MR. SPEAKER: You can send it to him.

SHRI SAWAI SINGH SISODIA: I will lay it on the Table of the House.

SHRI BAPUSAHEB PARULEKAR: Sir, your anticipation has proved to be correct about the collusion. Mr. Lakappa did not put a probing question as far as this is concerned.

MR. SPEAKER: You put a supplementary to his supplementary.

SHRI BAPUSAHEB PARULEKAR: This incident is of the year 1972-73 and permit me to say that a big scandal is involved. Therefore, I want to take two minutes of the House.

This work was given to the Company in the year 1972 which needed import of machinery worth Rs. 6 crores. The Company was not in a position to bring this machinery. Therefore, the Port Trust of Vizag brought this machinery and this machinery was to be given on hire to the Company. If the machinery is given on hire, the Company is not entitled to a deduction on account of depreciation charges. Therefore, this Company in league with the Government officials, in the year 1973, to be more exact, on 2nd March, 1973, got the agreement changed and for the word 'hire', they put the word 'provided'. That is what the report mentions. It is because of this that they claimed a rebate of Rs. 4.5 crores. You will be surprised to know that the Board of Directors of the Vizag Port Trust gave a debit note for deduction of this particular amount in the year 1972-73 and it is because of this debit note that this concession

was granted. In the year 1973, when a new Board came, they detected this fraud. Another claim was made which was negated and this debit note was withdrawn. That is how all this came to light.

I would like to know from the hon. Minister what steps the Government propose to take against the persons in authority who prompted, assisted and abetted this contractor to cheat the Government to the tune of Rs. 4.5 crores and whether any effort is being made to bring pressure on the Government by the high-ups in Delhi to see that the entire matter is hushed up.

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): The Port Trust originally perhaps intended to sell this machinery to the contractor and actually the contractor said that he was buying and he had the debit note also made. Subsequently, he could not buy or the Port Trust refused to sell, whatever the reason. The Port Trust cancelled the debit note which the assessee cancelled it from the assessment and continued to claim the rebate. The crime was committed by the assessee by concealing the fact that the debit note was cancelled and there was a hire only, and not sale. He continued to claim the rebate as if there was a sale in spite of the fact that the debit note was cancelled and it was made into hire. Therefore, if there is any more information about any person, I am willing to examine. The Government is not interested in shielding anybody but, as the facts stand, this is the position.

SHRI BAPUSAHEB PARULEKAR: The facts are mentioned in the report.

Decline in Tea Production

*290 SHRI G. Y. KRISHNAN: Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that there has been continuous decline in tea production during the current financial year; and