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THE
PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

3625

3626

HOUSE OF THE PEOPLE

Tuesday, 15th September, 1953

*The House met at a Quarter Past
Eight of the Clock.*

[MR. DEPUTY-SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

9-43 A.M.

THE ESTATE DUTY BILL—concl'd.

Mr. Deputy-Speaker: Let us now proceed with further consideration of the Estate Duty Bill, as amended. Nine members have already participated in the discussion on the Third Reading of the Bill. It might have been closed last night, but there were several members who wished to speak. Will hon. Members, therefore, be short and brief in their speeches on this discussion?

Shri N. C. Chatterjee (Hoogly): I think, Sir, we should congratulate the Finance Minister on the way he has piloted this difficult Bill. Possibly, since this Parliament was elected on adult suffrage, this is the most difficult and complicated measure that has been placed before it. We should appreciate the cool, calculating and adroit manner in which he has steered this measure through the legislative annil.

Our regret is that the Finance Minister did not accept our plea for an appellate tribunal. I am quite sure that in a short time he will realise his mistake. The Select Committee itself pointed out that an appellate tribunal will have to be set
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up in the near future. I think that in a measure of this kind, where the people will be extremely nervous because of the wide and uncontrolled powers given to the Controller without any appeal to an independent tribunal, it would have been very desirable to have some judicial tribunal functioning over them.

The other regret is that the Finance Minister did not accept our suggestion of payment of duty in kind. That is allowed in England and is a very salutary check against over-valuation. That would have been desirable both from the point of view of revenue and the assesseees. Unfortunately he has not accepted it. I hope that the Finance Minister in a short time will realise that it would be desirable to have such a provision and that he would amend this statute to incorporate a provision like section 56 of the United Kingdom Finance Act of 1910.

Then, there were some other items of regret: with regard to limited scope of exemption; next, no exemption for dwelling house; and last but not the least, restrictions on the transferability of shares. I am sorry, Sir, I could not make my point clear. I refer to the very serious effect likely to be created by the provisions relating to the transferability of shares in sub-clause (2) of clause 80. I need not go into details at this stage. But suppose a man transfers certain shares, say, a thousand Tata shares, to X for a lakh of rupees, and two years afterwards X goes to the bank and asks for an advance for his business, naturally

[Shri N. C. Chatterjee]

the bank will say "Have your name put on the books of your company and then we will advance you the requisite money". He will go to the company and this Act solemnly says: X will have to produce a certificate showing that his transferor's estate has paid all the estate duty. That is a very very peculiar order, which means really that a living person who has acquired interest in certain shares is being debarred from enjoying the fruits of his transfer. That is not fair.

The Minister of Finance (Shri C. D. Deshmukh): It is sufficient if he shows that he has paid consideration.

Shri N. C. Chatterjee: I know, you have got to show it to the Director, and you know that in actual practice the directors behave in a very peculiar manner. I am pointing out there may be intermediary transfers, blank transfers and a chain of transferees, and in such cases it will be more difficult. I hope that this thing will be deleted. The stock exchanges, we are assured, have approved of this. We have accepted this kind of amendment, but it is wrong. They will realise in the future that it will have a great deleterious effect on capital formation and company flotation, and you will have to change this law.

Against all this regret I must strike a note of joy, as a Bengali and as a Hindu governed by the Dayabhaga law, that the Finance Minister has been good enough to respond to our appeal. I have said repeatedly this is not a provincial cry, this is not a parochial cry, this is not a communal cry but in the interests of justice and fairplay. I gave figures to the House repeatedly. What are the figures? It will help Mr. Thomas also, and persons acquiring separate property in Bombay Gujerat, everywhere. It is not Mitakshara *versus* Dayabhaga. Millions of people who have self-acquired property and who are governed by the Mitakshara law will also be benefited by this little exemption. I

was amazed to find that very old veterans went hysterical over this alleged discrimination. They were behaving like hysterical old girls. That would have been all right on the cricket field but not on the forum of this Parliament! I was amazed to hear my hon. friend Pandit Thakur Das Bhargava. Seriously does he mean that there is discrimination? Seriously does he mean that the Finance Minister has done something against the fundamental rights of the Constitution? Nothing of the kind. Article 14 has been elucidated repeatedly by the Supreme Court of India. Equality does not mean that there can be no classification. The doctrine of equality is borrowed from America. The Supreme Court of America has repeatedly laid down that fundamental equality of law means equal protector of law, but it does not mean that there will be no classification. It means the classification must be rational, the classification must be reasonable, the classification must be based on intelligible criteria having some kind of nexus or relationship with the objects of this tax.

Shri Gadgil (Poona Central): The Supreme Court has also recognised the principle of classification.

Shri N. C. Chatterjee: Our Supreme Court have also held that that doctrine is the correct interpretation, and that is the law for India. Suppose there is a joint family consisting of a Mitakshara father and five sons with three lakhs of property. Suppose the father dies. The estate will not pay anything. But in the case of a Dayabhaga Hindu or a Christian if there is a father and five sons and Rs. 3 lakhs property, if the father dies the estate will have to pay Rs. 23,000. What the Minister has done is to lessen this, to reduce the disparity. He has made some classification. I do not say what he has now done is reasonable—it is still not on a parity. But it has some kind of a reasonable relation to the object in view. That is not unfair. It is perfectly fair and there is no

reason for this hysteria. I am perfectly prepared to prove it in any court of law that this is not repugnant to article 14 or 15. What is he talking about? Is there a discrimination based on religion? We are all Hindus, and there is no discrimination against Hindus. Nobody is saying that "because you are professing a particular religion you are being subjected to a higher burden of taxation". The inequality in the incidence of taxation has to some extent been redressed by this kind of measure.

There are certain other points. We are sorry that a lower slab was not accepted in the schedule. I hope that the five per cent. would be reduced to a lower slab. In England estate duties have broken up large estates, and in the latest book of Dymond it is said.....

Mr. Deputy-Speaker: Even in the third reading should we refer to Dymond?

Shri N. C. Chatterjee: I am not referring to Dymond's annotation.

Shri Gadgil: Diamond is cutting now!

Shri N. C. Chatterjee: Dymond has said that the increased estate duty in recent years is having a disastrous effect on many estates, especially those consisting mainly of assets not readily turned into money, for example, business assets, unquoted shares or private estate, land farming, stocks and valuable charities. It has to some extent retarded capital formation, company flotation. I am afraid the same kind of thing will happen in India. In respect of the Five Year Plan, to a large extent we are depending on the private sector. Are you not to some extent crippling the private sector by this kind of legislation? I hope that the private sector won't be completely paralysed. But we thought certain safeguards could be introduced which would make the position easier for capital formation

Then there are certain other points with regard to charitable trusts and so on. We expect that no time limit should be imposed. That has not been done. There is also one other point. We expect that as in the Australian statute something should be done to the effect that any gift to a benevolent institution—apart from the statutory period—should be completely exempted. That should have been done. It is there even in very much advanced countries having easier succession duty, and that should have also been followed in this country.

There is one other fact that I would ask the Finance Minister to remember for future legislation. Investments made in new ventures should be exempted. If that is done, it would help company flotation and may not cripple the development of business in this country. That has been done in Pakistan; that has been done in some other countries. It is very necessary that that should be allowed in our country. I think that is all I should say. The only thing that I should press upon the hon. Finance Minister and this House is that this rate which we have fixed should have some kind of permanency in it. The Finance Minister said that it is not the intention to change it. He should say that at least for 10 or 15 years this shall be the law. We cannot say, and the Parliament in its sovereign authority has no right to legislate that this shall be the law for 10 or 15 years because Parliament has got the right to amend any law at any time. But, certainly, if the Finance Minister makes a declaration, there is some continuity in the governmental administration, I take it, and whoever the Finance Minister is, will pay due deference to the proclamation made by the present Finance Minister and the country will not be disturbed by a feeling of insecurity and the people will know where they are. My hon. friend Mr. Gadgil said that Members of Parliament should pass this Estate Duty Bill, die quickly, pay the duty and go to heaven. We shall die quickly, pay

[Shri N. C. Chatterjee]

the duty and go to heaven. But, the question is, shall we meet Mr. Gadgil there?

Mr. Deputy-Speaker: All the estate acquired will be spent in bye-elections?

Shri N. C. Chatterjee: Shall we meet in heaven all our friends who helped Mr. Gadgil in tightening the Bill against the poor assesseees and poor middle class people?

Shri Tulsidas (Mehsana West): I thank you for giving me an opportunity to make some observations at the Third Reading of this Bill.

At the outset, I must join my hon. friend Mr. Chatterjee in congratulating the Finance Minister who has so ably piloted the Bill and thank him for the consideration he has shown to the several suggestions in an open and bold manner. I do wish to say at this stage that though so many suggestions were made, he has accepted only a few. But, I am sure that after experience he will be able to realise that a certain number of the amendments that were proposed were necessary in view of the conditions in this country. In my own way I did my best to put forward certain suggestions. I must thank the Finance Minister for having accepted a few of them.

Shri N. C. Chatterjee: A little more than a few.

Shri Tulsidas: A little more than a few, as my hon. friend says. But, I feel that he has kept his mind open and I am sure that he is not looking at this Bill only as a measure of revenue, but also looking at it from the point of view of its socio-economic effect in the country.

10 A.M.

I know that he did take exception to a remark which I made at the consideration stage of the Bill. I said that the Bill was a sort of a hotch-potch; He took exception to this remark. But, I would like to point out

to him, with due deference, the changes which have been made in the Bill originally introduced, at the Select Committee stage and by this House. The complicated language of the several clauses, if I may say so, worded rather clumsily, might create a certain amount of confusion or apprehension in the mind of the different sections of the people. I would only request him to see that this Bill is administered both by the CBR and the officials who will administer this Bill at least in the spirit—not literally—in which it has emerged from this House. I know that in a piece of legislation of this nature, it is not possible to phrase the different clauses in a more simple manner. He did remark also that it requires complicated language because the ways of evasion are also complicated. I fully appreciate his difficulties and I could well understand that the Bill could not be put in a simpler language. But, I would like him to refer to the statute in New Zealand which is as simple as can be understood easily by the people. A cursory glance at the provisions of that Act will convince any one that it is possible to have a measure of this kind in simple language. I do not wish to go into that; we are in the Third Reading stage and I have no desire to ask that he should change the language now. I am only reminding him of the point that I made that it is possible to have a measure of this kind in a language which would be understood by everybody. In view of the complexity of the measure, I hope at least the administration of the Act would be such as will avoid any hardship to the persons liable to pay the duty and I hope that this measure will not become an instrument of harassment or oppression. I also hope that the Finance Minister will give instructions to publish explanatory pamphlets to help the department and also the tax-paying public in understanding all the duties, liabilities and rights under the Act in the initial stage so that the people will be able to know how this Act will be administered.

the administration should be in a proper spirit; the proper spirit should prevail not only at the highest level, but it should be seen that it percolates to every person connected with the administration of this Act so as not to result in any avoidable hardship.

I had also mentioned during the Second Reading that there will be more difficulties to the estates which are of a marginal nature. There will also be difficulties for estates which are within the exemption limit. It is for these estates that I feel that the procedure must be very simple, so that there may be no misgiving in the mind of the people that every one has to go through this machinery which would always result in some amount of difficulty in the day to day life of the people. You know very well, Sir, that it is these estates which have to bear the brunt. I have seen the Finance Minister's remarks made yesterday that it is from the middle class estates that he expects a larger revenue, because a large number of estates will be of the middle class. I would only suggest that it is this class which requires more sympathy from the Finance Minister. I know it is not possible to prescribe a simpler procedure for these estates. But, I feel that it is possible and it can be done so that these small estates or marginal estates may not have to go through this procedure of getting a certificate before they could do whatever they like with the properties that they inherit. I would also like to make one more observation with regard to the administrative side. With regard to controlled companies, I had made my observations, and I was sorry that the Finance Minister was not here at the time I made those observations, but I may once again repeat that the Clauses which are embodied in this Act in regard to controlled companies are very complicated. They are absolutely copied from the U.K. Act. I can well understand that it is not possible to do anything else, but as I mentioned, certain sections found in the U.K. Act have not been embodied in

this Bill. Instead of those sections, we have brought in here the rule-making powers which will be given to the Central Board of Revenue. I know that the officials in the Central Board of Revenue are fully conversant with the working of the controlled companies, and perhaps in the initial stage these rule-making powers will be flexible, so that whenever there are difficulties, the Central Board of Revenue may be able to assist.....

Shri C. D. Deshmukh: Easier to correct.

Shri Tulshidas: After a certain amount of experience, I hope that those sections found in the U.K. Act will be included in this statute also.

As I mentioned earlier, different pamphlets should be published. I also feel the need for issuing a small handbook consisting of the important clauses and how they will be administered, so that people will be able to know exactly what this legislation is. The handbook should be in very simple language.

I will now come to the question of new ventures. I have heard what the hon. Finance Minister had to say on this point when this question was raised. I would like to quote his own words, particularly when he mentioned that a number of concessions had been given to the private sector. These are his words:

"Indeed, the charge against the Finance Minister from certain sections of the House is that already too many concessions have been granted and that they have not been attended with any satisfactory response."

Then, he goes on further to say:

"...it seems to me proper not to import into the measure, which is intended to be permanent, something which has a topical interest, something that will promote industrial activities for the time being. Maybe, circum-

[Shri Tulsidas]

stances might change and one might be sorry that one has promoted excessive industrial expansion to the prejudice of the public sector."

I do not know whether in view of the five Year Plan and its objectives and the policy of the Government he considers that the industrial expansion in this country will be such as to prejudice the public sector. The public sector today actually dominates, and the private sector is being pushed aside all the time. If that is the policy of the Government they must say very frankly whether the private sector is required to do its duty or not. The Finance Minister's statement which I have quoted is completely contrary to the Planning Commission's objectives. I do not wish to quote from the Five Year Plan, but I know that it is so, and I know that he will also remember that under the Plan a certain amount of responsibility has been thrown upon the private sector and the private sector has to play its part. Giving special treatment to industries is left entirely to the Finance Minister and the powers are given to the Finance Minister or the Central Government to take whatever measures they think proper. But, to completely sidetrack and say there is no necessity at all for assistance to the private sector.....

Shri C. D. Deshmukh: Additional assistance.

Shri Tulsidas:.....is, I feel, a bit too harsh on the private sector.

Then, I do not understand when he said that "it seems to me proper not to import into the measure which is intended to be permanent". The Income-tax Act is also a permanent Act, and he has introduced in that Act certain provisions which give a special treatment to the private sector. Then I cannot understand his remark that "they have not been attended with any satisfactory response".

I do not know why the Finance Minister found it necessary to mention this, because he knows very well that the private sector can only function provided favourable conditions are created in which it can function. A certain amount of special treatment given under the Income-tax Act does not mean that the private sector has got the conditions so as to function in a proper way. But, I am sure the Finance Minister will agree with me that in spite of that the private sector has come up to a certain standard and has reached the production targets laid down in the Five Year Plan. For example, the textile industry has come up to the target according to the Plan. With regard to sugar, the same is the case. With regard to other industries, as far as possible they have been able to achieve the targets of production laid down in the Plan. So, I do not know why he feels that the concessions have not been attended with a satisfactory response. If he means to say that new ventures in a big way have not come forward in this country, then I would say that he himself knows very well the availability of capital resources, and that it is not possible for the private sector to come forward with new ventures in a big way unless they get the resources available in the country. Even if one wants to float a company, it is not possible today to get the capital for it. It is, therefore, more than necessary that Government should continue to give special treatment to the new ventures, as long as present conditions continue.

Therefore, I would request him to look at it from this point of view, not merely from the point of view that the new ventures have not come forward according to what he expected. In spite of all this, Sir, some of the industrial targets have been reached and, therefore, it would be rather harsh to say that the private sector is not responding.

Even recently the Commerce Minister when replying to the debate in

the Council of States on unemployment...

Shri C. Bhatt (Broach): Sir, the hon. member is again going into a discussion on the private sector and the public sector and the Planning Commission.

Shri Tulsidas: I was making a reference to new ventures. I am sorry my hon. friend is not understanding what I am saying.

Mr. Deputy-Speaker: I only say this much. Every point has been raised and sought to be supported during the consideration stage—how it will affect the formation of capital, unless there is a particular exemption limit the man may not be able to have new business and so on. All these matters were discussed at length both in the consideration and the clause by clause stages. Now generally this must be an occasion for exchanging bouquets, and as to what ought to be done and what ought not to be done, how it has to be worked etc. These are all the matters relevant now. I need not detail as to what ought to be done at this stage. Ordinarily, more than ten minutes ought not to be taken at this stage.

Dr. Lanka Sundaram: There must be an opportunity for answering the 'obiter dicta' of the Finance Minister. That is what he is doing.

Shri C. Bhatt: An opportunity must also be given to those who have not spoken.

Mr. Deputy-Speaker: They should have intervened earlier. There are hon. members who tabled so many amendments and at every stage sought every opportunity. I cannot ignore them and give an opportunity to those people who merely come and bless the House. I would consider their claims only late—after all the others are allowed.

Shri Tulsidas: I only wanted to make certain observations in regard to the remarks of the Hon. the Finance Minister in the consideration stage. As you know, Sir, I had put in a number of amendments which, as I said,

in the very beginning, the Finance Minister has been pleased to accept. There were certain amendments which I felt were necessary from a particular point of view and I would like to tell the Finance Minister what I think about them.

Mr. Deputy-Speaker: No, no. What has been said during the clause by clause stage should not be repeated now. Once again he need not reinforce them and request the hon. the Finance Minister.

Shri Tulsidas: All right, Sir. If you so wish, I will not go further into the matter.

Mr. Deputy-Speaker: Enough has been said—not a question of my wish.

Shri Tulsidas: I have mentioned just now with regard to the question of new ventures. I would only like to make a reference to the speech of the Commerce Minister in reply to the debate on unemployment. He has himself mentioned that more investments are necessary in the private sector. That is all I want to say.

With regard to the other questions, on a number of clauses certain amendments were discussed and we had made observations. I do not wish to go further into them. But I do wish to reiterate once again what I have already said that when administering this Act, I would like the Finance Minister to please bear in mind that this is a new piece of legislation, the people must understand this legislation and it must be explained to them in a much more simple language and simple manner so that they would be able to know what this legislation is.

Shri S. S. More (Sholapur): We have wholeheartedly and, to some extent, enthusiastically, participated in the different stages of this Bill and now we have reached the final stage. I think, Sir, it is my duty to congratulate the Finance Minister. Sir, of course, it is a very rare fortune of this side to congratulate, particularly the Finance Minister. But on this particular occasion, I have great pleasure in congratulating him.

[Shri S. S. More]

The Estate Duty Bill was never a matter which was very much appreciated or liked by Government and the vested interests in the country and their representatives in the party in power were fully at the tail of the coat of the Finance Minister asking him not to go ahead. As a matter of fact, it is a great event that this particular measure will now be placed on the Statute Book. Of course, I may frankly state, Sir, that as far as the rates are concerned or the exemption limit is concerned, there is a lot of dissatisfaction on this side. If I can quote the instance of England, the maximum rate is 80 per cent. But as a matter of fact, we ought to be modest—very reasonable—in our expectations about the Government. But the economics of the situation, the actual facts, the very fact that Government will be wanting more and more money will be there constantly pressing the Finance Minister to come before this House with a measure which will raise the taxes. I know that the Finance Minister will be forced—whether he likes it or not—to come before this House with another measure—another Finance Bill or something of that sort as they do in England—by which the limit of exemption will be brought down and rates of levy taken up.

Then there is another factor, Sir, on which I must harp. There is a lot of discrimination, I say between a Mitakshara assessee and the non-Mitakshara assessee. But I would say that the discrimination is due to the inherent discrimination prevalent in the different personal laws. As a matter of fact, if I have to give my own personal opinion on this matter, Sir, it is that if instead of raising the exemption limit from Rs. 75,000 to Rs. 1,00,000 he had reduced the rate—there was a reduction in the rates as far as these limits were concerned for Dayabhaga or non-Mitakshara families—it would have met the situation and, to some extent, wiped out the disparity. But somehow or other, Sir, one

impression that I have formed in this matter during the discussion is that there was a sort of 'C.D' alliance. By 'C' I mean Chatterjee and by 'D' I mean Deshmukh. Both of them were profusely exchanging compliments. Mr. C.D. Deshmukh used to say: 'Well, Mr. Chatterjee was modest in his suggestion' and Mr. Chatterjee used to say: 'Well, Mr. Deshmukh.....'

Mr. Deputy-Speaker: For this alliance no new alliance is necessary. It is already there.

Shri S. S. More: My submission, Sir, is that the Finance Minister all along was most sensitive in responding favourably to the voice not of reason but of reaction and the reason is...

Shri K. K. Basu (Diamond Harbour): One amendment of yours he has accepted.

✓ **Shri S. S. More:** In a fit of temporary progressiveness, I may say he was pleased to accept one of my amendments, but subsequently he has changed and the fit has disappeared. ✓ There-
fore, my submission is that I can understand his difficulties, when there is no statute like this on the Statute-book of this country, he was reluctant to displease a large number of persons and bringing the hornets' nest about his ears. He has practised what we Maharashtrians call *Ganimi Kava* (गनिमी काव) i.e., strategic diplomatic withdrawal. The moment the statute is placed on record, possibly he will try to get his teeth into the vested interest and once he gets a bite, he will take a large chunk of ✓ the assessees. I am sure about it. I know the Maharashtrian's mind and I also know the mind of Mr. Deshmukh. So the estate-wallas who are so very profuse in offering bouquets to Mr. Deshmukh...

Dr. Lanka Sundaram (Vishakhapatnam): One Tartar to another.

Mr. Deputy-Speaker: It has to be 'Indian mind'.

Shri S. S. More: I seriously doubt that proposition, because it is our speciality and I am not prepared to share it with anybody else. So my submission is, Sir, that as far as the administration of this particular measure is concerned, the Finance Minister will have to be very cautious.

I now come to the establishment side. A statement has been circulated to us showing the cost of the headquarters organisation and other statistical data. Sir, the Congress has all along been vociferously pleading that the salaries of the high-paid officers ought to be brought down. There is a large gulf between the highest paid officer and the lowest paid officer.

Now, that gulf is being perpetuated. For instance, Sir, in this paper which has been circulated to us, the Headquarters General Secretary will be getting Rs. 36,000 per year. Then the Deputy Secretary will be getting Rs. 18,000 per year; then 2 Under-secretaries will be getting Rs. 21,000 per year together. So, 4 officers between themselves will be getting Rs. 75,000 and it will be something like Rs. 18,750 per annum per capita.

Now, look to the other officers. As far as the Headquarters is concerned, there will be 23 other officers and their total annual salary will be something like Rs. 52,000 and the per capita average will be some thing like Rs. 2,261. Take for instance class IV staff. They will be 8 and their total salary bill for the whole year will be Rs. 7,000. My submission is, as far as those who are already in employment are concerned, you need not cut down their salaries; you may be very generous to them because some guarantees have been given to them under the Constitution, and our Ministry is largely dependent on the bureaucracy and it cannot afford to displease members of the bureaucracy. When we are trying to open new avenues of employment, Government can apply the knife of retrench-

ment and economy in this particular matter and say we are starting on a clean slate. The officers that we shall entertain for this business shall not get beyond this particular limit. Particularly, Sir, when the Ministers are getting only about Rs. 2,200 per month, why the officers employed should get Rs. 3,000 per month? My submission is that I do not expect, as many Members have predicted, a bumper crop as far as the estate duty is concerned because the rich people will do their best with the aid of the legal fraternity to evade this tax. There is a Latin proverb, that a rich man is a villain or an heir to a villain. I am not prepared to subscribe in toto to the opinion expressed in that Latin proverb but I would rather say that these rich men, in order to preserve their property, in order to see that Government is not able to take a large slice from their property will do their best to evade it. They will move not only heaven but hell too in order to ward off the tax officer. Therefore, Sir, if the yield is not going to be much, what is going to be the percentage of the cost of administration. The yield will be small and the cost of administration, particularly on this generous pattern, will be going up with the result that the State treasuries will not be large gainers. I would therefore seriously request the Finance Minister to see that the scales he has prescribed for all these officers—I need not go into the details but I would rather say that he should do his best—are brought down within the paying competence of the poor country, as we say.

Then, there is another point. The income-tax department has not been functioning very happily and, as one of the Congress Members pointed out, nobody can afford to displease an income-tax officer. If he goes to the club everybody plays bridge in such a manner that the eventual victory goes to the income-tax officer. Why? Much power is vested in his hands. But still larger powers will be vested in the hands of the Controller and the Board and, particularly, the Controller has been given tremendous powers. If they are

[Shri S. S. More]

out for mischief, if they are out for corruption, if they are out for lining their own pockets, they have immense, unrestricted and limitless powers and it will be very difficult for the Government to weed out corruption in this new field which we are opening by the passing of this measure. So, he will have to take particular care to fight corruption.

✓ One of the most important ways of evasion by the rich will not be the concealment of property but securing under-valuation of the property at the hands of the valuers, at the hands of the Controlling officers and such other agencies as will be in charge ✓ of valuing the property; if their property is under-valued, it will be ✓ brought within the exemption limit. If the property is so large that it cannot, even by under-valuation, be brought within the exemption limit, then they will say that the property does not go beyond a certain limit or the lower slab of the rates.

Mr. Deputy-Speaker: Why is the hon. Member assiduously pointing out the various ways in which evasion can be made so that they may be copied?

Shri S. S. More: I do not claim originality, as a matter of fact, for all these. They are already being practised on a very large scale. I am only mentioning these facts to make the Finance Minister very cautious and very careful in his future steps. This is the only thing that I wanted to say.

I must also thank Kaka Gadgil on this occasion. Mr. Deshmukh is functioning as the mother of this child but Kaka Gadgil has functioned as the wet nurse. Therefore he also deserves our compliments for that.

Shri Gadgil: Thank you for the compliment.

Shri S. S. More: Otherwise, Sir, I am quite sure Mr. Deshmukh was prone to listen to the soft persuasive voice of Mr. N. C. Chatterjee. Mr. Chatterjee and many members from the Congress side were espousing the

cause of the rich and I share the feelings of Mr. Gadgil when he talked about the poor. It is the poor people who are carrying on the burden and ✓ that burden has to be lightened. More comfort and more happiness has to be brought to them. You cannot do that unless you tax the rich to the full capacity. As a matter of fact, if you spare your knife in the case of the rich, the result is that the axe of acute misery will fall on the poor and if the axe goes on falling on the poor ✓ they may rise in a rebellion. The Finance Minister was pleased to say that for many generations to come there may not be financial equality. If the progress of equalisation is sought to be delayed indefinitely then the uprising of the people will not wait on the sweet pleasure of the Finance Minister. The growing unemployment and misery in the country are a sort of warning given to him. This is the writing on the wall which he must know. He is versed in so many lores but let him spare some time to read what is written on the wall of this country. Revolution is the word that is written on the wall of this ✓ country.

Shri Gadgil: Sir, on a point of personal explanation.

Mr. Deputy-Speaker: Is he answering the remarks 'wet nurse'?

Shri Gadgil: I was away when Mr. Chatterjee said that he would be going to heaven when Mr. Gadgil would not be there. I would only say that I have done so much with regard to this Bill that I am qualified for *moksha*.

✓ **Shri K. K. Basu:** In the third reading of the Bill as yet only congratulations have been showered on the ✓ Minister. I wish I could have joined in the chorus. But when I analyse his attitude and the underlying principle of the Bill and the situation outside, ✓ I cannot join in that chorus. We have seen in this country that unemployment is growing in spite of increased ✓ production. We also know hunger stalking in the country when the Government claim that food production ✓

has increased and there is no necessity ✓ of any further import. Sir, I would ✓ have congratulated the hon. Finance ✓ Minister if I could see from his attitude and the Bill as it has emerged in its final shape that the main underlying principle is the levelling down of the disparity of wealth and getting revenue from those who are in a position to bear the burden for the interest of the community at large and for the development of national wealth. I feel that when the Constitution has given to the people equality and social justice, every legislation should be so tuned that its ultimate objective should be greater service and greater benefit to the community. Therefore, Sir, what should have been our attitude in this socio-economic legislation. It should be to do away with the vested interests that have ruled the roost in our country for years.

In this connection, with your permission, may I quote an expression, which possibly has been often quoted before, of the present Prime Minister who was then the leader of the people. He says:

"If an indigenous government took the place of the foreign government and kept all vested interests intact, this would not even be the shadow of freedom."

I do not know to what extent we have still the shadow and whether the real light has dawned on this country. ✓

When the Bill was being discussed at the initial stage, the Finance Minister tried to say that it would usher in an egalitarian society. Yesterday he however said that that society has yet to come for years where there should be no necessity for the estate duty.

In our country there are two most important vested interests (1) the feudal lords and (2) the foreign interests. You know very well that as early as 1930 Mr. Latten who was connected with the Indian Statutory Commission had said that India is a country of poverty but along with it there are persons with whom there are large accumulations of wealth. We see in

our country the hungry and unclothed people moving about. On the other hand we see the feudal princes having crores of rupees, owning Rolls Royce cars and luxurious mansions worth lakhs of rupees. Therefore, we have to analyse to what extent this particular legislation is making an honest effort to do away with this vested interest.

In calculating the tax structure—the slabs that we have accepted—it could be seen that even the persons owning property worth a crore of rupees would hardly have to pay Rs. 33,00,000 at the rate of 33 per cent. You know fully well, in our country it is a peculiar characteristic of our economy that this large percentage of hoarded wealth is never utilised for productive purposes. This enormous wealth that they have accumulated is lost to the community for years to come. Even the person connected with J. K. Industries has built up houses costing more than a crore of rupees and that sum is not utilised for the development of industries and for increasing the national wealth. Therefore, we feel that in putting forward the slab the Finance Minister has not taken into consideration this class of property owners and has not tried to get into the common pool for the services of the community the large sums of money that had been lying idle for generations. Unfortunately the Finance Minister, I do not say under pressure, has tried to be rather soft and lenient to them.

Shri Damodara Menon (Kozhikode): He has been dragged into that conclusion.

Shri K. K. Basu: My learned friend from behind says that he has been dragged into that conclusion. We wish that the people whose savings go into the productive capital had been given more concessions. Certain types of industries or certain types of units which have a progressive role in the particular economy of our country might have been given concessions. But we know ✓ the Bill as it will emerge in the final ✓

[Shri K. K. Basu]

✓ shape would give large concessions to feudal lords that have amassed un-
✓ precedented and monstrous wealth.

Then, Sir, the position is further accentuated by the Finance Minister by modifying some provisions in the Select Committee and then sticking to them. So far as the clause on Quick Succession is concerned, in Great Britain this is only restricted to land and business. In the original Bill it was restricted to the land and business. Now it has been extended to all types of property including hoarded unproductive wealth. Conscious effort and deliberate attempt must be made by the Government if they mean seriously to increase the national wealth of our country to tap such hoarded wealth. Now, all the accumulations are utilised in such investments or in such wealth which are completely unproductive.

In our country we have persons such as big landlords and industrialists having luxury things such as golden utensils. I know of a person who during the war, on his own admission, amassed more than forty lakhs of rupees. He has got the photo frames of his ancestors made of gold possibly to avoid the clutches of the Government. Therefore, I feel we should have a positive attitude to tax these people as far as possible and see that their money is utilised for development of our nation.

Sir, then I would like to come to the other category—foreign interests. During the discussion on the slabs we tried to move amendments but unfortunately as the Constitution stands we were debarred from moving as the President's recommendation was not obtained on the advice of the Finance Minister. I would give you the example of a concern which has its entire assets in India, for instance, the Calcutta Electric Supply Corporation. The company is incorporated in England. Its Indian shareholders having shares worth five lakhs of rupees would have to pay Rs. 52,000/- or more as duty whereas the British shareholders possibly will have to pay Rs. 37,000/- as

duty on similar shares. Though the entire profit has been earned within the taxable territory but unfortunately under the law as has been framed and the schedule as has been accepted in part 3 of the Second Schedule we cannot touch them.

We wish that the Finance Minister in his effort to get more money is not guided by ulterior considerations. The first mover who initiated this Bill in 1946 was guided by the exigencies of getting more revenue. We wish that the Finance Minister should be guided by the idea of doing away with the vested interests and utilising the money for the improvement of the national wealth.

In this connection I would like to go further and say that I wonder if the Finance Minister's attitude about the foreign interests is rather soft. Yesterday we have seen a report in the press about the Governor of the Reserve Bank of India who said that he would welcome more of foreign capital. He said that there should be no limitation on the transfer of dividends or the repatriation of the capital that the foreign investors may like to do.

In this connection, I should like to touch upon another aspect of our relationship with those foreigners who own large interests in the States. I wish the Finance Minister to be more attentive to me. I am discussing the foreign interests and he is conveniently trying to be indifferent. Then there is another aspect about Clause 20 where we have put a certain sub-clause about taxation of foreign interests. The Finance Minister said that it might have helped us to get a double taxation relief. In this connection, I am constrained to say that our attitude, especially with regard to the taxing department, has been to surrender to the U.K. so far as double taxation is concerned. I have got a copy of the circular, issued by our Income-tax Department, regarding double taxation relief. Sir, this is circular No. 898 of 1953, quoting Circular No. 13(L—1)

of 1953 of the Central Board of Revenue. It says—I think it is very important, because it states the facts so far as the double taxation relief is concerned under the income-tax system—as follows:

“The Board has been issuing instructions from time to time that pending conclusion of an agreement for avoidance of double taxation with the Government of United Kingdom, the recovery of so much of the tax, for the assessment years 1949-50, 1950-51 and 1951-52, as pertained to the income accruing or arising in the United Kingdom should be held in abeyance. The latest of these instructions issued on the 26th February 1953 provided for abeyance till the 30th June 1953. Negotiations with the United Kingdom Government have not been completed so far. It has, however, been decided that no further postponement of collection need be given in respect of these earlier assets and that after the 30th June 1953 recovery should be effected after giving relief as follows:—

- (a) in respect of the assessment years 1949-50, 1950-51 and 1951-52, unilateral relief of 50 per cent. under Section 490 as it stood before its recent amendment;
- (b) in respect of the assessment year 1952-53 unilateral relief of 100 per cent. admissible under Section 49D as amended.”

Sir, within these past three or four years, we have had so many visits to Commonwealth Conferences, and our financial experts, including the Finance Minister himself, had consulted the United Kingdom and must have discussed this question there. We feel, Sir, even in the United Kingdom, even today, they are not willing to discuss this aspect of the question. They are not willing to give any concession which the international convention or the international law provides; where-

as we are so generous to these foreigners and their earnings.

Then, the Finance Minister has tried to discuss that yesterday; he said he expected to get more money from the middle class people, persons owning property of Rs. 5 lakhs or thereabouts. He does not expect to get more tax from persons owning property worth 40, 50 or 60 lakhs of rupees or even crores of rupees. He says, as soon as the legislation comes into being, there will be gifts, trusts and settlements. Britain has had these taxes for years and also many other countries who were advanced economically have this tax for years. And today, in 1953, we are going to enact a legislation on this subject and we do not gain by the experience of 75 years working in Britain. Britain has increased the period of getting exemption, so far as the gifts or trusts are concerned, from two years to five years. Today, we say it is a new thing in our country, and we want to stick to two years. The very idea of having an estate duty was actually put in the shape of the Bill as early as 1946, and the persons who are in possession of wealth, with all their powers at their command to evade taxation, with all these loopholes—had notice of it so long back. We expected the Finance Minister that he should have acted in a manner where a taxation evasion should have been avoided, and if necessary, as we have in the United States, we might have a gift duty. It is as high as 52 per cent. in the form of gifts. In this connection, I would like to point out one aspect. The Finance Minister said that the administrative difficulty is there.

Mr. Deputy-Speaker: I will call one more Member.

Sri K. K. Basu: Sir, I will finish. Talking about this administrative difficulty, what I say is, the aim should be making the tax structure more steeply progressive. I am told—I have read in the book of Kaka Saheb—that in 1948, the Economist whose advice was sought suggested that it should be pro-

[Shri K. K. Basu]

gressively steep so far as the highest slab is concerned. But unfortunately that Economist's advice has not been accepted. The Finance Minister says there is administrative difficulty. What is the stumbling block against administrative difficulty? He says we are going to have the new legislation and the administrative set up may not cope with the problem that will come. We have officers many of whom have been in the income-tax department and at least they must have the basic, fundamental understanding of these fiscal laws, and all the laws that are necessary for the administration of this Act. You know that at least in the last one and a half years of my experience in Parliament, I have been hearing the plea for sending our men abroad to learn things. Why don't we send suitable persons who have a fundamental idea of these laws to England or America and Australia or to New Zealand—to study thoroughly the working of this particular legislation and gain experience, so that their experience may be utilized for the better and smooth running of this Act in our country? If the Finance Minister wills it, he would do it. Even on such matters as basic education, adult illiteracy, etc., we have got experts. So, he might very well send an expert to study the problem.

✓ Another aspect about which I want to speak a little is the limitation period. I wish the Finance Minister would accept our amendment on that point. You know the normal law of limitation is 60 years for the State to file a suit. Here, the Finance Minister made it as 12 years. As you know very well, there may be methods by which—a Government representation is not compulsory for our country—people may not be caught within twelve years, and thus they will ✓ escape the clutches of this legislation.

I do not wish to go into details about the other things which have not been accepted. I only wish that the Finance Minister should see that the Central Board of Revenue should

behave in a manner that is proper and just in the marginal cases, especially those of the middle class people. The middle class people should not be caught unnecessarily in the clutches of this and they should not be put into any hardship which has unfortunately been the experience of many under the Income-tax Department. Even under the limits of the slab,—I do say it is such a low rate of taxation—whatever money is collected, the Finance Minister should see that that money is properly utilized in such investments as could enrich the national wealth of the country.

✓ Lastly, Sir, as everybody has said something about the Finance Minister, I would like to say one qualified word individually about him. Like other Finance Ministers who initiated the Bill and withdrew—he did not have the same misfortune. In this case, he faltered—I would even say he stumbled but did not fall and at long last he reached his journey's end limping ✓ on the crutches.

Prof. Agarwal (Wardha): We are at last at the end of our labours in connection with this difficult and rather complicated Bill. I must take this opportunity of warmly congratulating the Finance Minister on the will and determination that he showed in piloting this Bill to a successful conclusion. Apart from the economic benefits that will accrue out of this Bill, I think this measure has a good social and psychological value also. We have talked so much on death in this House that the fear of death seems to have evaporated from our minds. After all, death has to be regarded as a friend and not as a foe, because, I remember the story of the Greek youth who wanted to live for ever but it made that Greek youth repentant for life, because that life did not end. Ultimately the essence of life consists in the limited existence that we have on this earth, and therefore, this measure, instead of being a matter for sorrow and regret, ought to be a matter for gratification. There is one thing that I wish to say to all

those who will be affected by this measure; at least the rich will have a stronger will to live. I tell all my honied friends that they should not curse the Finance Minister, but thank him, because he has created a desire on their part to live longer. We do want these friends to live, to live for the good of the society and not for its exploitation.

It is not for me to enter into arguments on minor points, but I would once again remind the House that this measure after all is not so revolutionary as it is taken to be. After all these death duties or inheritance taxes have been in existence in almost all the countries of the world, and India has been almost a solitary exception. Therefore, we are not enacting this Bill a day earlier: in fact, it should have come much earlier and we should all be happy that this new social and economic measure is ultimately coming to a successful conclusion.

We all hold that political freedom without social and economic freedom would be almost futile and meaningless and, therefore, we accept the basic principles of this Bill and we hold that the time has come when the pace for social and economic measures must be quickened. It is not for us or anybody to try to delay such measures. In fact, this measure should only be a beginning of many more measures to come. I am also happy that the Finance Minister has introduced already in this House the Companies Amendment Bill. That also, I hope, will pass through during the next session or after that and that also will give us a lot of reforms which will ultimately pave the way for economic equality.

A number of points were raised about exemption limit. Since my name was also quoted, I understand, last evening, I may say this that the raising of the exemption limit to one lakh in the case of Dayabhaga families should not be regarded as a concession to the rich. From whatever I have been able to study and understand as a Member of the Select Committee I feel that it is quite fair and there has

been no discrimination. If the law differs in different parts of the country and if we felt that there was some unfairness in it to those friends who live in the Eastern parts of the country, I think it has only been fair that we have raised the limit and it is a concession to the middle class and not to the rich.

Many hon. members raised a number of points regarding further exemptions for houses, for more of insurance and for gifts. It was also argued that after all people have to maintain a standard of living, that they have to maintain a dignity in life. I would say this that too many exemptions have already been granted and we should not try to ask for more. After all what dignity and what fairness in society can there be; so long as we have this yawning gulf between the rich and the poor, so long as we are not able to level down the rich and level up the poor in this country, so long as we are not able to achieve economic equality which is the essence of democracy and the essence of political freedom, it is futile to talk of decency in life and decencies in standards of life. I hope, therefore, that all of us will read the signs of the times and will try to create an atmosphere which will bring in a bloodless revolution, of economic equality, without trying to invite violence and blood in its train.

11 A.M.

After all the per capita income of this country is only about Rs. 255 and in such a poor country an exemption of Rs. 1 lakh is more than moderate. To ask for more concessions will not be fair to the teeming millions whom we desire to serve. As regards the rates, I am surprised, Sir, to read in the papers that various Chambers of Commerce still go on passing various resolutions saying that the rates are too high. I think the rates are quite moderate, if not low. I had expected personally that the rates will be as high as 50 per cent at least, if not more. Therefore, for anybody—and especially the rich—to say that the rates are high is not taking this measure with grace

[Prof. Agarwal]

as they should. I would, therefore, appeal to all the rich people in this country to regard this Bill as their friend and not curse it, because the Government is doing good to this country and to the rich by trying to achieve social and economic equality through peace and through democracy, through constitutional methods. The time has come when we must do away with economic inequalities, glaring economic inequalities without further delay. It is true that there are some risks involved in moving fast, but the risks of not moving fast is all the greater and if we really want to stabilise democracy in this country, if we really want to achieve social and economic revolution through democratic methods, such measures ought to be more, and we should all help Government wholeheartedly.

A word about government servants, who will be entrusted with the administration of this measure. I fully agree with those who say that they must maintain a very high standard of integrity and efficiency, because in spite of all the good that this measure may do, if it is not properly administered it might lead to a number of ills. Although we all stand for economic equality, I would be the last person to support any kind of harassment. There must be a human touch. The officers must not in any way try to harass anybody, however rich he may be and if we deal with this in a human way I am sure there is a good chance for the administration also to live up to our expectations and to show that they also can rise to the occasion. I would, therefore, again appeal for the creation of an atmosphere of good will, an atmosphere of cooperation, an atmosphere which will promote economic equality and economic revolution and not create further bitterness.

This Bill I regard as an appeal, a challenge and a warning. It is an appeal to the rich to abdicate their riches voluntarily with good grace. It is warning to all of us that if we do not move fast enough, if we do not

try to bridge this gulf between the rich and the poor we might lose the opportunity, the golden opportunity that is still in our hands.

I thank you, Sir, and I hope that this measure will now go through the Upper House soon and will create a good atmosphere in the country, a constructive and cooperative atmosphere.

✓ **The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):** I beg to move:

"That the question be now put."

Mr. Deputy-Speaker: The question is:

"That the question be now put."

✓ *The motion was adopted.*

Shri C. D. Deshmukh: Mr. Deputy Speaker, Sir, it is with a sense of anti-climax, but nevertheless with the consciousness of hard work done and a long and difficult trail trodden, howsoever falteringly, that I come to the concluding stage of the debate. Till last evening, Sir, the House had spent ninety-one hours on the various stages of discussion of this Bill and to this we shall have to add an hour and a half this morning. This is without taking into account the time spent on twenty-one meetings of the Select Committee, the informal discussions that the members interested in the Bill had on four occasions with me or my colleague and the various private discussions among members, or groups of members interested in particular items.

✓ **Mr. Deputy-Speaker:** How many days were spent in the Select Committee?

✓ **Shri C. D. Deshmukh:** Twenty-one meetings, Sir.

The Bill as it was presented to the House contained 74 clauses; now it contains 85.

Now it contains 85 clauses and it has since been expanded by about 50%.
✓ The total number of amendments of

which notice was given was 756, out of which 387 were actually moved. The number of amendments accepted is 32. Out of this figure, amendments which make substantive changes in the Bill are only 32 and this includes 17 amendments which are in the nature of concessions. Of the remaining amendments, 10 relate to drafting, 7 are consequential and 3 to correct printing mistakes. I give these statistics because I noticed the criticism somewhere that those who were responsible for the drafting of the original Bill had not been very careful. I quite realise, Sir, that had we had more time at our disposal, it might have been possible for us perhaps to make some of the clauses at least simpler. The hon. Member who drew my attention to the New Zealand Act on the subject—"Law of Death and Gift Duties"—might perhaps see Section 5(3) and Section 16(3). Each of the clauses runs to about 12 or 14 lines and I should like him to tell me privately afterwards whether he is fully able to follow these clauses. I only refer to this—I don't read them out—with a view to showing that no matter how much you try, it is not possible to word a measure like this in monosyllables or simple language which will be understood by the layman.

Now, turning to the statistics that I gave, I say that these figures are eloquent testimony to the interest taken by all sections of the House in this Bill and the energy, effort and consideration that they have bestowed on it. Apart from merely increasing the size of the Bill, they have contributed to various alterations and deletions, all leading to its improvement. We are aware, Sir, that for 8 days the House representing all parties sat both in the morning and in the afternoon to have this legislation through. From this I conclude that this is a clear proof of the genuine desire of the people of this country to put such a measure on the statute book. The clause scrutiny which the Bill has undergone and the various tests to which it had been put during the several stages will, I hope, ensure, to the extent to which forethought can in taxation matters, that

there are no serious loopholes in it and that it will be able to stand fairly reasonably in due course such examination as it is bound to be subjected to in the course of its operation. I must mention, Sir, in particular that the debate on the Bill has been throughout on a very high level and I am grateful to all sections of the House for the patience, courtesy and genuine co-operation which they have extended to Government during this debate despite a very wide divergence in their points of view and despite a few very controversial issues. In particular, Sir, there has been, to my mind, a complete absence of obstructive tactics. I also thank all the hon. Members, who have made their contribution to this particular stage of the debate, for their kind references to me—some of them qualified. I feel no sense of elation at this stage, but only a heavier sense of responsibility as if my work is about to begin. I feel also a certain amount of satisfaction that at long last Government has been able to carry out an assurance which it has given to the House from time to time in regard to this measure.

Now, although we have tried to make our law as perfect as possible, none of us is under the illusion that the law now enacted will remain unchanged for all time to come. It is characteristic of all tax laws, including our own, that they keep on changing, not necessarily that the laws are imperfect but because the financial and economic considerations keep on changing and also because unfortunately, as I pointed out the other day, tax evaders develop new methods of dodging their liability. For the Income Tax Act of our country, we have had a revision in 1922, another in 1939 and since then hardly a year has passed when we have not made changes in some provisions or other, and a comprehensive Bill to amend the Income Tax Act is almost now overdue. In the Estate Duty Act of the U.K., which is really part of the Finance Act, numerous changes have taken place since the duty was first imposed in 1894. I mention this because some hon. Members have ex-

[Shri C. D. Deshmukh]

pressed doubt about the wisdom of some of the provisions we have made, in particular regarding the Board being the appellate authority, the exemption limits for charities, the provision made for recovery of tax as arrears of land revenue, the period allowed for gifts and settlements, and so on and so forth. I should like to tell them that if in their judgement the provisions made are wrong, there will be plenty of opportunities hereafter to reconsider matters both in substance and in procedure, and in the particular matter of the Appellate Tribunal, the House has already my assurance that if we find from experience that the system adopted in the Bill is not working satisfactorily Government will not hesitate to come forward with a suitable amendment.

On many occasions during the debate, hon. Members have referred to the errors of omission or commission of the present Income Tax administration and of the possibility of the same errors being repeated in the Estate Duty administration. They have, in particular, referred to the wide powers of discretion which are vested in the Controller by this Bill. Now, there can be no two opinions that an efficient and honest administration is the pre-requisite for the successful administration of any tax law, indeed any law. I should, however, like to point out to the House that the whole object of this law is to enable Government to collect the duty due from certain persons in respect of property passing on death. Obviously some agency of Government must be empowered to determine and actually to collect it. So, while I entirely agree that this agency should not be clothed with arbitrary powers, I hope no one will disagree that this agency cannot perform its functions if at every stage and on every matter it has to make a reference to the higher authorities or be subject to the scrutiny of Courts.

Equally, Sir, I realise that the administration owes it to the public

that there is no undue hardship or harassment and that it must not fail to show the human touch, to which reference was made by Shri Agarwal, especially in the face of grief and mourning. This is, and will remain, our constant objective.

Reference was made by one hon. Member to technical refresher course for the administration. The House will be interested to know that we are now sending a team of six selected persons to U.K. to study the actual methods of administration. (*An hon. Member: Enjoy!*) (*Shri M. S. Gurupadaswamy: No training here?*) I can't hear it.

Mr. Deputy-Speaker: The hon. Member need not hear it.

Shri C. D. Deshmukh: Now, one hon. Member suggested that we should issue an explanatory pamphlet for the lay men. I have already given an assurance that that will be done, in as simple a language as we can command.

I am bothered by this oft-repeated apprehension about the quality of administration. And it is, I must confess, my own personal ambition to bring about a sense of good-will and co-operation between the tax administration and the potential assessee and to make the administration fully responsive to any criticisms of their administration as well as, of course, as I said, to specific suggestions made for improvement of their rules and regulations.

Now, I do not propose to say anything in regard to the detailed provisions to which reference was made by certain hon. Members, because, as you pointed out, they have been fully discussed. These matters will remain at the back of our mind, and if actual experience seems to indicate that we have made a mistake then one can recall the suggestions that have been made here today and review the whole question.

Our object in introducing this Bill ✓
was two-fold: one, to rectify to some
extent the existing inequality in the
distribution of wealth, and the other,
to assist the States to finance their
development schemes. In passing this ✓
Bill finally I have no doubt that all
sections of the House will join with
me in the hope that by successful ad-
ministration of this measure we shall
achieve our objects to some extent. In ✓
the context of our needs, the addition
to our resources that this measure will
achieve will not perhaps be signifi-
cant. And that is not for the reason
that was advanced by Shri Saranga-
dhar Das, that 40 or 45 per cent. of our
present expenditure is merely a drain.
I, emphatically disagree with this view
and with a full sense of responsibility
I say that, by and large, public ex-
penditure in this country is not in-
fructuous, although I am aware of
many instances, where there is waste-
fulness and so on, which we are try-
ing to cope with all the time. ✓

Then, as regards the socio-economic
consequences, I expect that in the long
run they will be more important than
the financial results. Conspicuous
luxury which is the concomitant of in-
equalities of wealth will, I expect,
diminish or be discouraged as a result
of this measure. I have already met
important business men who have
assured me that they regard the im-
position of estate duty as entirely
right and who consider that excessive
wealth should not be left to their
children so as to kill all incentive to
work, in them.

Shri K. K. Basu: So many wealthy
people will go to heaven!

Shri S. S. More: It will be over-
crowded!

Shri C. D. Deshmukh: I have ceased
to try to guess the ultimate destina-
tion!

Mr. Deputy-Speaker: Leave it to
others.

Shri C. D. Deshmukh: Yes. Others
are more competent to deal with this
matter.

Shri Nambiar (Mayuram): Anyhow,
hell is there for some!

Shri C. D. Deshmukh: I do agree
with Mr. Chatterjee that this will lead
to the break-up of large estates. But
I am not alarmed at that. That is the
consummation devoutly to be wished.
And I do not expect capital formation,
as we progress, from the wealthy. I
expect capital formation, which in its
essence is saving, from the common
man for the good of the common man.
I myself feel—although I know I shall
be charged with being soft-hearted and
all that—I myself sensed the emergen-
ce of a realistic spirit in this matter
on the part of the wealthy and the
privileged. And if this spirit lives
and is fostered, death and death
duties will not be a terror, for, fame
and renown will remain behind and
will, I hope, be immortal in a society
consciously supported by the 'haves'
for the benefit of the 'have-nots'. As
you remember, after all he only lives
whose fame lives behind him.

Shri R. K. Chaudhury (Gauhati):
Sir, on a point of information. Which
will be a greater terror, death or
death duty?

Shri C. D. Deshmukh: I say neither,
because I annihilate both death and
the fear of death duties.

स जीवति यशो यस्य कीर्तिर्यस्य च जीवति

He lives whose fame and renown
lives.

उपाध्यक्ष महोदय : त्यागाय संवृत्तार्था-
नाम्

Shri C. D. Deshmukh: That is to
say, wealth has to be accumulated
only for giving away. That is why
Tyagis are here! The old commenta-
tors defined *Kirti* as.

दानाद्धि प्रभवद्कीर्तिः शौर्याद्धि प्रभवद्दयः

Renown is what springs from gift,
donation or generosity.

Mr. Deputy-Speaker: Charity.

Shri C. D. Deshmukh: And fame is what springs from courage, fortitude, bravery, heroism and so on. So I hope that generosity and courage will be the watch-word of those on whom fortune has smiled owing to their enterprise. And when that happens, India will have accomplished a major non-violent revolution on the basis of real democracy.

✓ **Mr. Deputy-Speaker:** It is now my pleasure to put the motion to the vote of the House.

The question is:

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

✓ *The motion was adopted.*

ESTATE DUTY RATES BILL

The Minister of Finance (Shri C. D. Deshmukh): I beg to move for leave to withdraw the Bill to fix the rates of estate duty for the purposes of the Estate Duty Act, 1953.

Mr. Deputy-Speaker: The hon. Finance Minister waited until the Schedule was passed. Now, the question is.

"That leave be granted to the Finance Minister to withdraw the Bill to fix the rates of estate duty for the purposes of the Estate Duty Act, 1953."

The motion was adopted.

DEMANDS FOR SUPPLEMENTARY GRANTS FOR 1953-54

Mr. Deputy-Speaker: The House will now take up Supplementary Demands.

A number of cut motions have been tabled. I only wish to remind hon. Members about the scope of the discussions at this stage. I find that the cut motions relate to two main subjects: sending of a contingent to Korea and the expenditure on that, and import of sugar. So far as Korea

is concerned, we are having a full day for the discussion of foreign affairs and one of the subjects will be mostly related to Korea, sending of contingent, etc. Any how, so much of time is going to be taken and I feel that all the arguments for and against that the hon. Members may desire to make may be reserved for that debate, if the House agrees. That is my suggestion. Regarding sugar, we spent two full hours on the debate a short time ago when the hon. Minister said that two lakh tons are being imported for the purpose of keeping down the prices.

Shri K. K. Basu (Diamond Harbour): It is wrong.

Mr. Deputy-Speaker: It may be wrong. Not that I am shutting out any discussion. I am only trying to remind the hon. Members that we spent a couple of hours only a week or ten days ago over this matter. As regards the nature of the cut motions themselves, hon. Members are aware that with respect to services which were envisaged during the last Budget for which provision is made, and if only excess grants are asked for by way of supplementary demands, they cannot go into the question of policy. They can confine their remarks only to the items of expenditure in excess. With respect to new items of service that have arisen the question of policy can be raised. But, that is only academic so far as this is concerned. As far as I am able to see, there are no such cases.

Some Hon. Members: Sugar was not discussed.

Shri H. N. Mukerjee (Calcutta North-East): As far as we are concerned, we are prepared to hold over any discussion on Korea today. But, in regard to sugar, there was a general feeling in the House even when the last two-hour discussion was held that a great deal was left unsaid. I suggest that you let us have as full a