

[Mr. Speaker]

So far is the other Bill is concerned, four hours have been allotted because it contains only three clauses. Whatever has to be said has been said and the same thing will be repeated. Now, therefore, the hon. Minister of Parliamentary Affairs says that I may exercise my discretion and add one hour to that in case four hours are not sufficient; in that case we will have a full day for the Banaras Hindu University Bill. Therefore, with the small modification regarding the Merchant Shipping Bill that instead of seven hours, it will be eight hours in the Order Paper, with discretion to the Chair to allow one more hour, I think, the situation is met.

Shri Naushir Bharucha (East Khandesh): With your permission, may I make a request? We may have the Merchant Shipping Bill at the end of the agenda announced by the hon. Minister because it is a huge Bill and more time is needed for study.

Mr. Speaker: All that he wants to make is a suggestion that it should not be brought immediately and that some time may be allowed so that it may come at the end of the week. Very well. It may come at the end of the week, but two days before the end of the week, so that it may be finished that week.

Shri Satya Narayan Sinha: We shall consider it.

Mr. Speaker: I have no objection. The hon. Minister will so arrange the agenda that the lighter work may come earlier so that time may be there for studying the Bill properly and the House also will be enriched and there will not be waste of time.

Mr. Speaker: The question is:

"At the end of the motion moved by **Shri Satya Narayan**

Sinha, the following be added:

'Subject to the modification that the time allotted for the Merchant Shipping Bill be increased from 7 hours to 8 hours.'

The Motion was adopted.

Mr. Speaker: The question is:

"That this House agrees with the Twenty-eighth Report of the Business Advisory Committee presented to the House on the 28th August, 1958 subject to the modification that the time allotted for the Merchant Shipping Bill be increased from 7 hours to 8 hours"

The Motion was adopted.

Mr. Speaker: That one hour which I can always utilise is always there under the rule and I will certainly do so, if I find that there is need for it; I will instruct whosoever is in the Chair to exercise that discretion.

12.15 hrs.

ESTATE DUTY (AMENDMENT) **BILL—contd.**

Mr. Speaker: The House will now take up further consideration of the following motion moved by **Shri B. Gapala Reddi** on the 28th August, 1958, namely:—

"That the Bill further to amend the Estate Duty Act, 1953 as reported by the Select Committee, be taken into consideration."

Out of 3½ hours agreed to by the House for general discussion. One hour and 35 minutes now remain for general discussion. The clause-by-clause consideration and thereafter the third reading will then be taken up for which 1½ hours have been allotted.

Shri Jhunjhunwala (Bhagalpur): Mr. Speaker, Sir, the Estate Duty (Amendment) Bill has been introduced to bring down the limit from Rs. 1 lakh to Rs. 50,000. Many persons have said that this will fall on the middle-class people. The value of the money has so gone down and it is so low that the value of Rs. 50,000 should have been Rs. 12,500 before the war. It is very hard on the middle-class people. If estates of the value of Rs. 50,000 are subject to duty, it will be very unjust. As such, I would suggest that the limit be kept at one lakh, as it was before.

There is another most unjust thing which, in my opinion, should not be done: that is regarding the imposition of the duty on the lineal descendants. This would amount to taxing the property of a living person. It was contemplated under the Estate Duty Act that the duty should be levied only on the estate of the deceased persons. But it has been said here that if a father having two sons dies, even the property of the two sons will be subject to estate duty. This appears to be unjust.

Pandit Thakur Das Bhargava has dealt at length with the levy of estate duty on the joint family property; he has quote several instances. Since the time of the Britishers, all the Finance Ministers were feeling the injustice of levying estate duty and income-tax on the joint family in the same way as they were doing with individuals. Everybody considered it unjust; all the Finance Ministers have agreed that it is unjust and not proper. I do not understand why things which appeared to us unjust are being perpetrated. If it is meant only for taking revenue, whether it be just or unjust, equitable or inequitable, it is very wrong in my opinion and the appeal made by Pandit Thakur Das Bhargava in very strong words quoting several instances and the opinions of all the previous Finance Ministers should be taken into consideration.

Shri Ranga (Tenali): Sir, I am generally in favour of the principle underlying the Estate Duty Act as well as this amendment. But my difficulty is this. The House was in favour of imposing estate duty as one of the egalitarian measures; it may be justified from the financial side also. But at the same time, we have got to give some consideration to the manner in which we impose this duty. Is it likely to increase the incentives to earn, save and accumulate, or is it likely to discourage too many people from working more, earning more and saving and accumulating more?

We are all unanimous in thinking that too much of accretion of property in the hands of a few people is not likely to be conducive to social well-being. At the same time, we are also anxious to encourage as many people as possible to go on earning more, saving more and accumulating more. Even in those countries where Sovietism is the ruling political approach, these incentives are being given much encouragement, and no ban is being placed there on any one trying to save more, accumulate more and pass it on also to his heirs. In our country where we pride ourselves on our freedom and democratic way of life, we should be certainly even more careful about incentives.

I would like to know what is likely to be the position if and when this Bill becomes an Act and people come to know that if they were to have property worth not Rs. 1 lakh but only Rs. 50,000, they would be liable to pay this tax. Would it be that their incentives would be strengthened, their inclinations to accumulate would strengthen, or would it possible be that they would be discouraged? It is on the kind of estimate that we make in this respect that we would be able to form any opinion at all in regard to this Bill.

In considering this matter, we have to give due consideration to the general tendency for the lowering of the value of the rupee. It is easy for

[Shri Ranga]

my hon friends on the Treasury Benches to say "No, no, we are taking all possible steps to prevent any kind of inflation, and therefore a lessening of the value of the rupee", but it is an established fact that ever since we adopted planning, the value of the rupee has been going down in an invisible manner, and the loss in its value is being felt by the Government themselves. There is no mention of a standard rupee here, it is merely a rupee. Therefore, in another five or ten years, this rupee which is worth today only 75 or 80 cents as compared to ten years ago, may come to be worth only 60 cents, in which case what would be the position? Property which today would be valued only at Rs 80,000 may come to be valued at Rs 1 lakh in five years time. We will have to guard against this kind of risk. Therefore, would it be in the interests of the nation to bring down, slice down as it were, this minimum from Rs 1 lakh to Rs 50,000?

In the recent past and even now our Government is interested in providing our industrial workers with subsidised housing. Many corporations are borrowing money from the Government of India as well as the State Governments and building these houses, and then they are offered to these people for their construction value to be repaid in instalments over a period of 20 years, when these houses become the property of the proletariat itself. These houses, in most cases, are worth Rs 25,000—sometimes even Rs 30,000 or Rs 40,000. In addition to this, if the accumulations of their provident funds and their other savings were to be added on to it, they would also become liable to the payment of estate duty. Is that going to be a progressive measure? Is it going to be a helpful measure? It is for the Government to come to a conclusion, but I would like them to keep these considerations in view and give necessary thought to it. Whatever the conclusions they may come

to, if not to day at least some time hence even after this Bill has been passed into an Act, they must weigh the considerations I have pressed.

Having said that, I would like the House to give some consideration to the position of agricultural properties in our country. It is a well-known fact that the Planning Commission, as well as the Government of India, are in a hurry to impose ceilings on agricultural properties irrespective of the fact, whether such ceilings are going to be imposed on urban, industrial, commercial and professional properties in other areas. It is a great mistake according to me that this thing should be done, that this necessary social reform should be brought about only in a partial manner and in a discriminatory fashion. It ought to be done all over for all properties.

Anyhow, this ceiling is being imposed upon agricultural income. After having imposed these ceilings, you would be bringing in the agricultural properties also within the mischief of this Act. I have no objection, provided the properties are above Rs 1 lakh. But when they are not even Rs 1 lakh and when there is a likelihood of this particular Act coming to be applied to agricultural incomes also if and when two or more States come to pass resolutions asking for the application of this Act to agricultural properties also, what would be the position? When agricultural properties worth only Rs 50,000 would have to pay estate duty, we will have to think of the extent and manner in which this is likely to affect our agriculturists. Any one who has 15 to 20 acres of wet land or 10 acres of wet and five acres of garden land and a decent enough house would come within the mischief of this Act. Is it our intention that even these lower middle class peasants should be brought within the mischief of this Act?

And what would be the consequences in regard to evasion, in regard to the cost of collection, in regard to the assessment and all the rest of it? How many hundreds of people in any particular taluk are going to be affected? Is it going to be an economical proposition at all? Is it not likely to affect their incentives to a much greater extent than it is likely to affect the incentives of the urban people, the professional, industrial and commercial people? Therefore, I am extremely anxious that the Government, when sending this Act after it is passed to the States for their views, should caution them and ask them whether they would like this Act to be made applicable to agricultural properties or not; they should ask them to consider the distinction between urban and rural properties, the fact that in towns you can build up properties much more quickly than in villages. Therefore, while it may be all right for the State to impose this estate duty and any other taxes on a particular quantum of property in urban areas and for urban professions, it might not be just as well to do the same thing in the rural areas. I suggest that the Government of India should be good enough to sound this note of caution to the State Governments and also bear this fact in mind that if they were to be insistent upon keeping this schedule incorporated in the Bill, at least the taxable limit should be raised to the earlier level of Rs 1 lakh when it come to agricultural interests and agricultural properties. That is an important point, Sir, which I hope the Government will keep in mind, and I also sincerely hope that the State Governments will give due consideration to these points.

It has become more or less a kind of a self-imposed task on the part of State Governments simply to go before the Planning Commission as well as the Union Government and then say that whatever the Union Government is suggesting has got to

be passed by them, as otherwise they will have their own political difficulties in their own States. Therefore, too many of them are only too anxious to often say 'yes' to whatever is suggested by the Planning Commission and the Union Government. I would like the State Governments to take courage in both their hands, as the West Bengal Government has done, and give due consideration to the needs and views of the rural interests, of the rural people, and see that if and when they pass their resolutions and send them up to the Government of India they would take care to suggest to the Government of India that the minimum should not be less than Rs. 1,00,000, and this particular minimum of Rs 50,000 should not be blindly made applicable to the agricultural properties also.

Dr. Samantsinhar (Bhubaneswar): Mr. Speaker, Sir, we are all much disheartened with the Estate Duty (Amendment) Bill as it has emerged from the Select Committee, because we hoped that much radical changes would be carried out by the Select Committee, particularly with regard to the exemption limit. The Committee has provided an exemption limit of Rs. 50,000 in India, whereas in the last Act it was Rs. 1,00,000. But in U.K. the limit is £3,000, in Ceylon it is Rs. 20,000 and in Australia in Indian currency it is nearly Rs. 30,000. Therefore, in India the limit should have been reduced at least to Rs 30,000, because our aim and object is a socialistic pattern of society.

Mr. Speaker: In what currency are those figures in respect of Australia and other countries?

Dr. Samantsinhar: In Australia it is nearly, in Indian Currency, Rs. 30,000.

We must see how many people there are in India whose property would

[Dr. Samantsinhar]

be worth Rs. 50,000. Therefore, considering our aim and object of achieving a socialistic pattern of society, we should have fixed this exemption limit. We have not done that.

Besides that, the rate of duty is very much less in India. In the present amending Bill we have reduced the rate in the first two slabs by 2 per cent. That should not have been done. In the United Kingdom the rate for the highest slab is 80 per cent., whereas in India it is only 40 per cent. So we are giving more relief to our tax-payers. Under the present circumstances that should not have been done. It is my firm conviction that except a very few percentage of cases, whose percentage would be nearly 5, all wealth or property is acquired by some sort of exploitation, and the society as a whole is the watcher of these properties. By various legislations and social customs and also by other methods, we are watching these properties, and therefore we have a claim on these properties for some social benefit and public utility works.

Pandit Thakur Das Bhargava gave a very good account of the history of the joint family system in India. I heard his arguments very carefully and attentively, but I want to make a humble submission. Where is that joint family system now, which was there in India a few years back? It is almost vanishing and under the present conditions, as the society is fast changing, it will very soon completely vanish from India. Therefore, the question of joint family interest does not arise. Again, in a joint family the property is not the earning of the father. The father and the sons are not the only shareholders. The father enjoys the property of the previous generation—his father's father. So the joint property is not the income or the earning of the present generation; a part of it also comes from the previous generation. Therefore, that should not be exempted as suggested by him.

The Taxation Enquiry Commission also gave their opinion regarding estate duty. They have said:

"We do not therefore, accept as valid the contention that any increase in the rate of estate duty in India will have any adverse effect on the volume of savings and investment".

Therefore, it cannot be said that the Bill as it has emerged from the Select Committee will in any way hamper investment and savings in general.

Another point is, the more we begin to forget the ex-rulers, in our Republic of India, we are introducing some such provisions in the legislations that we are ever remembering them. In case of Gift tax and Expenditure tax we have exempted the rulers. In case of estate duty also we have exempted their 'official residence' from this duty. I do not understand what office these rulers now have to attend to, or what official work they have now to discharge. Of course, there may be some reasons to exempt them from the Gift tax and Expenditure tax in view of their past services in the peaceful surrender of their States, but what reason is there for their successors to have these so-called official residences tax-free? If these official residences of ex-rulers are not considered to be memorials of the present rulers, there is no reason why these official residences should be tax-free. We know how these ex-rulers in Orissa, with the enormous privy purse, that they are receiving, are doing their work which is detrimental to the society.

Then, it has been provided that the amount of estate duty on the gifted property would be equal to the gift tax. In my humble opinion, it should be either an equal amount as the gift tax or the actual estate duty whichever is greater.

Regarding exemption of soldiers and policemen killed while on duty in uniforms, as suggested by Shri Karni

Singhji, is a good idea. But I would go a step further and suggest that not only soldiers and policemen, but great scientists, poets, authors and patriots....

Shri Supakar (Sambalpur). What about M.P.'s?

Dr. Samantsinhar: Yes, you can have them also. What I mean is, those who render meritorious service to the society, to the culture of the country, should be exempted from this duty.

In the end, Sir, I would submit that whatever Acts are passed by Parliament, they are not properly put into operation.

There are also many loopholes in our administration. I know that the income-tax department people also help the tax-payers particularly the evaders. I know, for instance that a head clerk of an income-tax office makes a tour of the area and collects annual gifts from the tax-payers. So these things should be very strictly watched and the loopholes particularly on the part of the subordinates should be checked.

Shri Ajit Singh Sarhadi (Ludhiana) We are grateful to the Select Committee for their labours on this Bill, but there are two main features which I feel are worthy of this House's consideration. The first one pertains to the rate of duty on the higher slab of the estate, and the second one is the exemption limit. Dealing with the rate of duty on the higher slab, there is no doubt that it is a taxation measure, and there are always two objectives of a taxation measure. Primarily, the object is to realise revenue. But there is another object also. That is, to remove that disparity that exists between the different classes of society. From these two objectives we have got to see the present rates as recommended by the Select Committee on the higher slab of the estate.

It has been conceded that, when the enactment was brought in for the first time here, the Finance Minister was very much disillusioned about the receipts. I am afraid that he would, this time also, be disillusioned particularly when he keeps the duty at a higher slab so low. So, my first submission is that taking the first objective, of having sufficient revenue from the imposition of the estate duty, we would not have much revenue, if the Government maintains the rates as they are and as they have been recommended by the Select Committee.

I next take the second objective, that is, to remove the disparity between the different classes of society. Here too, the present rates do not meet the situation at all. It was argued by Shri M. R. Masani that there is no duty of this kind in Soviet Russia, that there is no inheritance duty in that country and that it is being brought here. But he forgets one thing that conditions here are quite different from those in that country. There is not so much of accumulation of wealth in the hands of the individual there as we have got here. We want to remove the difference in the accumulation of the wealth in the hands of the individuals, and when we want to do so you have got to adopt some method, either a revolutionary method of expropriation of that property of those large holdings which the people have got, or an evolutionary method of taxation and so of the liquidation of the large holdings. You have got to select either of these methods. The more peaceful or better method would be the evolutionary process of slow liquidation of the large holdings, and that can only be done by a taxation measure of the kind which we have got before the House.

Now, if you keep the highest limit of 35 per cent as you are doing or as the Select Committee has recommended, how long would it take for the large holdings to be liquidated? So, my submission is that from this

[Shri Ajit Singh Sarhadi]

aspect too, the hon. Minister in charge of the Bill would do well to accept my suggestion. There are certain amendments tabled, to the effect that the rates should be increased to a higher limit, even to the extent of 80 per cent. at the slabs of above Rs. 20 lakhs.

There is another consideration to which incidentally reference was made by Shri Ranga. When you have a ceiling in the matter of agricultural holdings, and which has been applied in certain States and is to be applied in other States—that ceiling is 30 acres in certain States—if such a ceiling is fixed in the matter of agricultural lands, you must have an equal treatment for the holdings of house property, building property, shop property and property of such kinds. That can be done by raising the duty in the higher slabs of the estate. If you do not do it, and keep it at a very low level that is recommended by the Select Committee, then you have a discriminatory treatment between the agricultural population and the urban population. You will be allowing the holders of building property, shop property, factory property, etc. to have as large holdings as possible, whereas you will be keeping a ceiling on those who have got agricultural holdings. From that aspect too, if you look at the problem, I would submit that this is one of the measures which you can use for the purpose of reducing the holding of individuals—the urban people also—who have got wealth in their hands.

My submission is, from whatever aspect you look at this measure, especially that feature of this measure which pertains to the rate of duty, it is essential that you must raise the rate of duty at the higher slab, and that should be at least about Rs 2 lakhs. This is my first point which I make for the consideration of this august House.

The second feature about this Bill is this. It is the exemption limit. The exemption limit is being lowered from Rs. 1 lakh to Rs. 50,000. I concede that in certain countries, as the hon. Member who preceded me said, the exemption limit was lower than even Rs 50,000. He argued that it should be reduced. But we have got to consider one thing. As I said, keeping in view the socialist pattern of society, we must bring in a tolerably good level, and for that, it is essential that the rate of duty on the higher slab should be raised. The same argument could hold good in this case.

I ask the House to consider it from that yardstick. When we are lowering it from Rs 1 lakh to Rs. 50,000, would it bring sufficient revenue? Would it be in accordance with the socialist pattern of society? One of the hon. Members had made some enquiries—possibly it was made by Shri Khadilkar—and those enquiries have elicited the information that the maximum revenue that would be obtained by lowering the exemption limit from Rs 1 lakh to Rs 50,000 would be Rs 30 lakhs. Nothing was said by the Treasury Benches to contradict it. There is no note in the papers that we have got to the effect that it will be more. We take that figure to be correct. If that is the figure, and if that is the only revenue that this exemption limit would bring—about Rs 30 lakhs—you have got to see whether it is commensurate with the harassment that it will cause. It was argued by the Member in charge of the Bill, who sponsored the Bill before it went to the Select Committee, that they wanted to make the Bill as broad-based as possible. Certainly do it. But he also said that the experience of the last five years has shown that there has not been much harassment. That is also correct. Now that you are bringing in a certain class—certain lower middle class as Shri Khadilkar put it very correctly—within the purview of this Bill, it would create a certain harassment to a certain class of people. If

it is to create harassment, the revenue would not be commensurate with the labour that we put in here.

I would submit that the bringing down of the limit would not be advisable. It may be, as the hon. Member who preceded me said, that the limit is much less elsewhere, but what are the conditions there and what are the circumstances and what is the method of taxation here? You have got to see the conditions that are obtaining here

Then another argument was given. The hon. Minister in charge of the Bill argued that this Bill has later to go to the States and their sanction obtained. If you keep the limit up to Rs 1 lakh, there is every possibility of your getting the sanction of the States, of their legislatures. But if you lower the limit to Rs 50,000, the limit is very much less and there is the risk of the States not accepting it, because the middle-class people will be affected. That is one consideration which we have to keep in mind. So, these are two important features of the Bill, one pertaining to the rate of higher slab and the second about the lower exemption limit and they need consideration by this House

I certainly agree with my hon. friend who preceded me that we have got to think as to how long we are going to give exemptions to the rulers. Here under one of the clauses, one building which will be the official residence of the ruler, will be exempted. Firstly the term 'building' is not defined. The Bill does not say whether it will be a palace with servants quarters, office, etc. and what is going to be the magnitude of all that. I do not understand how long we are going to give exemptions. There was some justification for it in the wealth tax, but in the matter of estate duty, I do not feel any justification is there for the exemption being given to a privileged class.

In the case of those persons where you are going to reduce the limit to the extent of Rs. 50,000, I find that

the number of instalments in which the duty should be paid has also been reduced. The original Bill provided for a larger number of instalments, but the Select Committee has tightened it further and reduced the number of instalments. These two things are contradictory. I think it is not proper to demand that a huge sum should be paid in liquid cash in a short time. Therefore, I would pray that the original number of instalments provided in the Bill before it was referred to the Select Committee should be restored, and for Heaven's sake the exemptions given to the rulers should be removed

Shri Achar (Mangalore): I wish to make a few observations only regarding clause 13 which amends section 34. Of course we have heard the very learned exposition on coparcenary and Hindu Law by our hon. friend, Mr. Bhargava. I am not going into that subject at all. So far as we are concerned, whether it is *Mitakshara* or *Dayabaga* we accept the situation that when the father dies and the property passes on to the son, he should pay tax. I am not questioning that. But I would like to draw the attention of the Minister regarding the provisions with regard to *Marumakkattayam* and *Aliasantana* law. I am afraid the Bill, as it stands, may create confusion and in fact, it will make the application of the provisions very difficult, if not impossible.

I will draw the attention of the hon. Minister to sub-clause (c) of section 34. So far as a Hindu *Mitakshara* family is concerned, everybody knows what exactly the word "coparcenary" means and also what the law in regard to it is. Section 34(c) says:

"in the case of property so passing which consists of a coparcenary interest in the joint family property of a Hindu family governed by the *Mitakshara*, *Marumakkattayam* or *Aliasantana* law also the interests in the joint family property of all the lineal descendants of the deceased member"

[Shri Achar]

If I may submit with all respect, there is nothing like a coparcenary in *Marumakkattayam* or *Aliyasantana* law. I am afraid sufficient attention has not been given to this aspect. As the House is aware, and especially as the lawyer Members are aware, there is nothing like a coparcenary in South under the *Marumakkattayam* or *Aliyasantana* law.

Mr. Speaker: Don't they get right by birth? Is not survivorship also there?

Shri Achar: Yes; those fundamentals of Hindu law do apply.

Mr. Speaker: The only difference seems to be in sex.

Shri Achar: That would not matter very much. That difference remains all over the world.

Mr. Speaker: I am not talking lightly. The only difference is succession is traced to the woman there. Otherwise, they seem to be similar.

Shri Achar: There would be two important consequences of this Bill.

Mr. Speaker: It is a question of social justice. What is wrong in bringing *Marumakkattayam*, *Karanavan* and others on the same lines.

Shri Achar: So far as *Marumakkattayam* and *Aliyasantana* are concerned, partition is not allowed.

Mr. Speaker: Now it is allowed.

Shri Achar: In 1934, the *Marumakkattayam* Act was passed in Madras and they can claim partition by suit or otherwise. But so far as *Aliyasantana* is concerned, which is prevalent in South Kanara, even now partition is not allowed. It is only branch partition. Under *Aliyasantana* law, if a person dies, the property does not go to his widow and children or the lineal descendants. It goes to his sister's sons or father's sister's sons or

grandfather's issues, so that the words "lineal descendants" used in section 34(c) will not be applicable in their case at all.

I may leave *Marumakkattayam* to my Kerala friends and I am more concerned with *Aliyasantana*, which affects my district. So far as the people there are concerned, as the Bill now stands, it will be practically impossible to apply it. If a junior member of an *Aliyasantana* family dies, there is no ascertained share to which he is entitled. Of course, under fiction under law he will be considered divided. But what is the share he is entitled to is not shown in law. In fact, he is not entitled to claim a share. As I pointed out, under the *Aliyasantana* law, only his branch can claim a share. So it will be very difficult to apply this Act to them.

There is another aspect of the question. If a junior member of an *Aliyasantana* family dies and if he is a male, he gets only a life estate and that reverts to his branch. If that is so, where is the question of his share and the share of the lineal descendants? That is a proposition which I am not able to understand. So, as the Bill stands, the share which you are going to assess is an unknown share, because under the law, he is not entitled to any definite share. If at all, only his branch is entitled to a share. From that point of view, I would submit that the hon. Minister and the Government should reconsider this aspect of the question. I thought of submitting an amendment, but I was not quite sure what exactly the position was. Even if the hon. Minister thinks it may not be possible to do it now, I would submit that before the Bill is introduced in the Rajya Sabha necessary amendments may be made and any confusion that may result avoided. This is one of the aspects which I wish to submit with regard to section 31.

13 hrs.

Before I resume my seat I would like to say only one word about the exemption limit. I agree with my hon. friend Shri Ranga that Rs. 50,000 will not be a proper limit. Several arguments have been put forward, which I do not wish to repeat. But one thing is certain. This limit will be too low and I would request the Government to leave it at Rs. 1 lakh.

Pandit K. C. Sharma (Hapur): Mr. Speaker, Sir, I am rather surprised that at this stage the principle of the Bill should have been attacked. It has been accepted that death duty should be levied. It is based on the moral ground that the simple phenomenon of life is that the dead hand does not extend beyond what life permits. Therefore it has no business to hold tight property which is a social phenomenon.

Friends who have opposed this measure on principle have made the mistake of thinking that property is an individual possession, a personal achievement. This is not a fact in the modern economic set up.

Ever since the middle of the nineteenth century it has come into prominence that whatever an individual by hard labour, by administrative direction or by expert knowledge, one achieves, he achieves through an adjustment or co-operative social effort. So whatever the achievement the social aspect thereof should not be ignored. Property as such has been regarded as a social institution; it is not a personal possession. Therefore in the background that private property should not be interfered with this misunderstanding somehow continues to lurk in, which is very unfortunate. The very system of administrative set up is based on this conception of property, that property is a social institution. Therefore it is right that death duty should have been levied.

The third point I would like to urge is that there is a stage in the development of a country where you have to press hard even against what is called the sanctity of personal property or personal possession. Take, for instance, the case of Germany. We had our refugee problem; they too had their refugee problem. What did they do? They levied an equalisation tax. Equalisation tax was that 50 per cent of the property was to be taxed for the benefit of the refugees. It was an extraordinary law, and yet a number of Germans submitted to it. The brave Germans united under pressure of circumstances; they had to part with 50 per cent. of their properties for getting their brethren established in life. They worked hard and now the position is that their earning capacity is much better than ours. Their living standard is better than ours. Not that God rained gold on them. What is the secret of it? The simple secret, the substantial question, the radical question, the fundamental question, has been that the German race agreed to parting with 50 per cent. of their property for the establishment of stability in their country. Five per cent. of the property we do not want to part with. It ought to have been 40 per cent. or 50 per cent.

It is a strange phenomenon; it is a great contradiction as a matter of fact. You say that in ten years you will double the income. The ordinary rate of increase up to now has been 6 per cent. The dead cannot hold on to its worldly possessions. The moment life goes out, the dead hand cannot hold tight to it. You want to double your income in ten years. What is the magic that you are going to apply to double the income in ten years? You may tax, you may tax, you may adopt any other device. But this is a simple device which is resorted to by every country.

I say it is wrong to suggest, it is unsocial to suggest that death duty is

[Pandit K. C. Sharma]

not a proper tax. It is wrong to suggest that the duty that is tried to be levied is high. Very high duties have been levied in other countries. In other countries they have levied a capital levy and they have progressed. Those people who had to part with their money have not in any way suffered, because in ten years they have got much more; they have got greater opportunities for investment, better enterprise and more production and therefore more profit. But here we are with two pice in the pocket and we cry all the while. And it is said that the income will be doubled in ten years. How will the income be doubled, if people who have are not prepared to part with their money.

So, Sir, my respectful submission is that this is a right kind of taxation and if it has erred, it has erred on the lenient side. The other provisions with regard to legal procedure, etc., have been well conceived and I congratulate the Law Minister, particularly for the facilities provided for the assessee.

Shri Shankaraiya (Mysore): Mr Speaker, Sir I would like to say a few words on this Bill regarding clause 12. First of all, I want to have some clarification on some points. Now estate duty will be levied on joint Hindu family, in the case of the *Mitakshara* co-parcenary property on the interest that passes after the death of one coparcener. In the case of a sole co-parcenary it is but right that the whole property be taxed. But where there are other members of the joint family there will be two kinds of property—one is private property of certain individuals and the other is joint family property. So far as the private property and private ownership are concerned, the full estate duty could be levied. But, so far as the co-parcenary interest is concerned, my only objection is this. Since they are members of the co-parcenary, they have joint interest.

They get the right by right of birth. They are said to be in possession of the property. Suppose a person dies. What is the interest that passes? It is the share of the one individual that dies. The other interest still subsists and they are in possession of the property. They have got the right by birth and it does not devolve or pass on to the survivor. According to the Hindu law it is only that property that passes to the other survivors that should be liable to estate duty. Otherwise, according to Schedule II, the rate of taxation will be higher. If the co-parcenary interest is going to be Rs. 1 lakh and if there are five members and if one were to die, the interest of the portion that devolves to the survivors is only Rs. 20,000 or one-fifth. If the estate duty is levied on Rs. 20,000 or one-fifth, I have no objection. But for the rate of taxation, the rate is taken as on Rs. 1 lakh. So, they will have to pay a higher percentage. That property which is in my possession, which I have inherited out of my birth, and over which the (other party) deceased had no right of alienation without my consent, and to which I may have added out of my efforts and labour also that property is also made to pay the tax. This is a very anomalous position and it is inconsistent with the Hindu law and will cause great injustice to the Hindu joint family system.

There will be much hardship to the joint families because of this provision. Somehow, we have got this joint family system. There may be difference of opinion about the advantages of the joint Hindu family system. According to me, it is a great insurance against unemployment by mutual effort. In times of adversity as well as prosperity they work together, live together, pool their resources together and enjoy or suffer together. When the efforts are great, the profits also would be larger and the scope for development of property would also be greater. Now, if

estate duty is levied on the whole property, the tendency would be towards partition during the life-time itself. This allows people to have only small holdings or a limited amount of money at their disposal. They cannot take risks; they cannot venture in any business. Production and profits will be lesser. There is also the danger that the mutual assistance and dependence upon the joint family system, in times of adversity would not be there. So, I would request the hon. Minister to consider this point.

When a property is already in my possession, and developed out of my labours that should not be allowed to be taxed by this estate duty. Only the portion that devolves or comes by way of survivorship or inheritance, whatever you might call it, if it is during the co-parcenary period, I am in entire agreement that the whole property should be taxed. But, so far as the co-parcenary joint family property is concerned, it is only that portion which is inherited, which comes by survivorship, that should be subject to estate duty. During this period of inflation, a small holding, a property which is owned out of the hard earnings and small savings will also be liable to taxation. During the earlier years a property worth about Rs. 15,000 or Rs. 20,000 would now cost Rs. 50,000. When we reduce the margin to Rs. 50,000, it will create hardship to the middle class people.

One point more and I am done. According to the Government itself, the revenue that they are going to get by reducing this margin will be very little. Compared with the expenditure and the administrative difficulties, the income that they are going to get out of this reduced margin will be less. The poor people will also be harassed. I hope Government will pay due consideration to these matters.

Mr. Speaker: I would like to have a clarification from the hon. Minister. This Bill restricts the share of the lineal descendant of the person

deceased. It exempts brothers and other collaterals. But with respect to lineal descendants, unless all of them are minors and not majors, when they are members of the joint Hindu family and when they contribute by their exertion to the wealth of the Hindu family, is it right to tax their contribution also. Unless they keep it separately as separate property, it will always become part of the joint family property with joint exertion, whatever might be the nucleus. Therefore, are we to tax the property of the legitimate owners when they are alive though it may form part of the joint family property?

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi): They have an interest in the property which is passing. They have a beneficial interest in it.

Mr. Speaker: In that share? They have contributed largely towards that. Whatever passes to them separately, let it be taxed.

Dr. B. Gopala Reddi: If it is out of their earnings, it will be tax-free.

Mr. Speaker: Unless it is kept separately and distinctly it will be part of the joint family property. After all, in the joint Hindu family, there is a nucleus. All the contributions of the members go to increase that nucleus. It is rather difficult to find out the portion which each member has contributed. Of course, if he is an officer, then there is no difficulty, because there is a separate clause which deals with gains of learning and so on. When a boy is an I.A.S. officer, Collector, Secretary or Minister there is no difficulty.

Dr. B. Gopala Reddi: Or a lawyer or a doctor.

Mr. Speaker: If the members of a family are engaged in agriculture or business, it is difficult to find out the contribution of a particular member. So, we are striking at the very root of the joint family system. Even though

[Mr. Speaker]

no encouragement is given, I do not know why discouragement should be given this way. Hon. Minister may himself consider the position. We are still an agricultural country. We have not industrialised our country to such an extent that everyone can be absorbed there. Until industrialisation takes place or agriculture becomes important, the craze for office will be there. So long as heavy salaries are paid, there will be this imbalance. I am sure that one day the administrative services will not be so lucrative as they are at present. Then people will find it profitable to go back to the villages and engage themselves in the agriculture. But now we are cutting at the very root of joint enterprise. The father may or may not earn. As he grows older, the son takes his place and contributes his share. Whatever he contributes becomes part of the joint family property in the hands of the father. The father passes away at the age of 50 years. Now, under the present law, you would be taxing the property of the son who is alive as the whole joint family property is subject to estate duty in the hands of the officer. This seems anomalous. But, sitting here, I am unable to do anything.

Shri K. Periaswami Gounder (Karur): Under the Act, a son is not taxed. You are taxing only the father's share.

Pandit Thakur Das Bhargava (Hissar): No. Kindly look at clause 34. The entire property is taxed.

Mr. Speaker: There seems to be a difference of opinion regarding the interpretation. I would like to know from the hon. Minister whether the shares of the other lineal descendants are taken only for the purpose of the rate....

Dr. B. Gopala Reddi: That is all.

Mr. Speaker:...or for the levy of the duty itself.

Dr. B. Gopala Reddi: Only for the purpose of the rate.

Shri K. Periaswami Gounder: In clause 13, we have got the explanation to proposed section 34(2) which makes it clear.

Shri Jaganatha Rao (Koraput): The explanation makes it clear.

Dr. B. Gopala Reddi: It is only for ratable purposes.

Shri Naushir Bharucha (East Khandesh): It is only for the determination of the rates.

Pandit Thakur Das Bhargava: Kindly read the following words in proposed section 34 (1) (c):

"...of all the lineal descendants of the deceased member shall be aggregated so as to form one estate and estate duty shall be levied thereon at the rate or rates applicable in respect of the principal value thereof."

So, it is one estate that will be formed, and then the duty will be levied.

Shri Tyagi (Dehra Dun): That is for the purpose of rates.

Pandit Thakur Das Bhargava: What does the hon. Member mean by one estate? The entire estate is aggregated together.

Shri Shankaraiya: My point is this. There will be inconsistency....

Mr. Speaker: Why should the hon. Member be anxious to interpret? I shall give him an opportunity later on.

Shri Shankaraiya: My point is that there will be inconsistency with the principle itself.

Mr. Speaker: We are not going into the merits now. I would like to know the clause to which the hon. Member is referring.

Shri Shankaraiya: Sub-section (3) of proposed section 34.

Mr. Speaker: Does the hon. Member refer to the Explanation? Sub-section 2 reads:

"Where any such estate as is referred to in sub-section (1) includes any property exempt from estate duty, the estate duty leviable on the property not so exempt shall be an amount bearing to the total amount of duty which would have been payable on the whole estate....".

That does not help us. The Explanation reads:

"For the purposes of this sub-section, 'property exempt from estate duty' means—

- (i) any property which is exempt from estate duty under section 33;
- (ii) any agricultural land situate in any State not specified in the First Schedule;
- (iii) the interests of all co-parceners other than the deceased in the joint family property of a Hindu family governed by the *Mitakshara*, *Marumakkattayam* or *Aliyasantana* law."

So, for the purpose of this sub-section, 'property exempt from estate duty' means these. Then, sub-section (3) reads:

"Notwithstanding anything contained in sub-section (1) or sub-section (2), any property passing in which the deceased never had an interest, not being a right or debt or benefit that is treated as property by virtue of the Explanations to clause (15) of section 2, shall not be aggregated with any property, but shall be an estate by itself, and the estate duty shall be levied at the rate or rates applicable in respect of the principal value thereof."

140 L.S.D.—5.

Is not the Explanation clear that this is not included, that is, the interest of the co-parceners?

Shri Prabhat Kar (Hooghly): It is aggregated with the entire property.

Pandit Thakur Das Bhargava: I would beg of you to kindly read the old section 34 which is sought to be amended. That will make it clear. In section 34, in two places, the question of rate is given. Here, they say, that they will form one estate, and then the rates will be determined. If it is formed into one estate, it means that the property of all those persons will be aggregated together

Mr. Speaker: Now, the difficulty is this. The word 'rate' is used earlier in section 34 (1). Evidently, that is the object of the framers. Clause 13 reads:

"For section 34 of the principal Act, the following section shall be substituted, namely:—

"(34)(1) For the purpose of determining the estate duty to be paid on any property passing on the death of the deceased,—

(c) in the case of property so passing which consists of a coparcenary interest in the joint family property of a Hindu family governed by the *Mitakshara*, *Marumakkattayam* or *Aliyasantana* law, also the interests in the joint family property of all the lineal descendants of the deceased member."

If these interests are taken only for determining the rate, then it may be so stated here, namely 'For the purpose of determining the rate of estate duty.' Estate duty may be the amount and also the rate. It can be stated here clearly.

Shri Jadhav: In section 6, it has been made clear.

Shri K. Periaswami Gounder: Sub-section (2) reads:

"Where any such estate as is referred to in sub-section (1) includes any property exempt from estate duty....".

By virtue of Explanation (iii), the son's share is property which is exempt from estate duty.

Mr. Speaker: Why should it be said 'For the purposes of this sub-section'? Why should it not be said 'For the purposes of both the sub-sections'? As it is, it is restricted only to this sub-section, that is, to the proportion. If it is made applicable to sub-section (1) also, then it will remove the doubt. Either in sub-section (1), the words 'rate of duty' should be introduced, or the Explanation must be made to read 'For the purposes of this section'—and not 'For the purposes of this sub-section'—or 'For the purposes of sub-section (1) and sub-section (2)'.

Pandit Thakur Das Bhargava: As you have been pleased to point out, in the original section 34, the words are 'For determining the rate of estate duty to be paid on any property passing on the death of the deceased'.

Mr. Speaker: Why should we not do so here also, particularly in view of the fact that it is 'rate' there, but the word 'rate' is not here, and this will be understood to mean the whole amount and not the rate?

Shri Tyagi: If that is the meaning, then let it be clarified.

Mr. Speaker: If that is the intention, that may be clarified. There is no difficulty.

In the meanwhile, hon. Members may continue. I shall call the Opposition Groups, and then I shall call Shri N. R. Munisamy.

How long does the Minister propose to take?

Dr. B. Gopala Reddi: About 45 minutes.

Mr. Speaker: We started at 12-10.

Shri Jaganatha Rao: At 12-15.

Mr. Speaker: About 1 hour 35 minutes would be remaining. It is now about 1-20. We must close by about two o'clock. Even if I call the Minister now, it would not be 45 minutes. Very well. I shall call Shri Jadhav now, and immediately thereafter, I shall call the Minister. I shall give opportunities to other hon. Members on the clauses.

Shri Jaganatha Rao: I have not yet had an opportunity.

Mr. Speaker: On the clauses, the hon. Member can speak. He can always introduce all this in the clauses.

श्री जाधव : प्रनारेबल, स्पीकर सर सिलेक्ट कमेटी को सुपुर्द करने से पहले जिस रूप में यह बिल सामने आया था, उस का मकसद सिलेक्ट कमेटी में जाने के बाद खत्म हो गया है। १९५३ में जब एक्ट बनने के लिये यह बिल इस सदन के सामने आया था, तो उस का जो सही मकसद था, वह मकसद भी इस बिल से खत्म हो गया है। १९५३ में जब यह बिल हमारे सामने आया, तो उस वक़्त के फाइनेंस मिनिस्टर ने कहा था कि इस बिल को एक्ट बनाने के लिये करीब आधा तप ठहरना पड़ा और आज मुझे दुख से यह कहना पड़ता है कि जब १९५६ में यह बिल सामने आयेगा, तो पूरा तप हो जायेगा।

13-29 hrs.

[MR. DEPUTY-SPEAKER in the Chair].

जब यह बिल एक्ट बना, तो उस वक़्त के फाइनेंस मिनिस्टर की यह कल्पना थी कि इस के द्वारा कम से कम पांच करोड़ से से कर पंद्रह करोड़ तक आयवनी एस्टेट ड्यूटी की हैसियत से होने वाली है। लेकिन

सिलेक्ट कमेटी में जाने के बाद इस मकसद को छोड़ा गया है। रेट्स में जो कमी की गई है—६ परसेंट से ४ परसेंट और ८ परसेंट से ६ परसेंट—उस के कारण, इस बिल के द्वारा जो आमदनी होनी चाहिये थी, वह होने वाली नहीं है। पचास हजार की जो लिमिट रखी गई है, वह बहुत अच्छी है और जिस सोसायटी का हम नक्शा बनाना चाहते हैं, उस के लिये इस की जरूरत है। हमारे देश का जो लाइवलीहुड पैटर्न है, उस को मैं सदन के सामने रखना चाहता हूँ। हिन्दुस्तान की आबादी में किसानों की तादाद करीब ७० फीसदी है, सब्सि के लोग करीब १२ फीसदी हैं और उद्योग-धंधों में काम करने वाले १० फीसदी से ज्यादा हैं। व्यापार में जो काम करते हैं वे ६ प्रतिशत हैं, ट्रांसपोर्ट में जो काम करते हैं वे १५ प्रतिशत हैं। इन सब चीजों की तरफ जब हम देखते हैं तो हमें पता चलता है कि इस दलील में कोई वजन नहीं है कि इसका असर मध्यम श्रेणी के लोगों पर तथा निम्न-मध्यम श्रेणी के लोगों पर पड़ने वाला है या इसका असर किसानों पर पड़ने वाला है। इस तरह की दलील देना मेरे विचार में बिल्कुल गलत है।

बदकिश्मती से हमारे देश में स्लोगन देने वाले दो तरह के लोग हैं। एक तरफ तो किसान, मजदूर इत्यादि गरीब लोग आते हैं और दूसरी तरफ कैपिटलिस्ट क्लास है। जब गरीब किसान तथा मजदूर रास्ते में लड़े हो कर कोई नारे लगाते हैं और अपने हकों की मांग करते हैं तो बजाय इसके कि उनकी मांगों पर सहानुभूतिपूर्वक विचार किया जाये तथा उनको आश्वासन दिये जायें, उन पर गोस्निया बरसाई जाती है लेकिन जब कैपिटलिस्ट क्लास के लोग नारे लगाते हैं तो उनके नारे पेपर तक ही महसूस रहते हैं और उनके नारों को काफी पब्लिसिटी मिल जाती है और गवर्नमेंट बराबर उनके सामने झुकती रहती है। इस तरह से

इस बिल का तथा दूसरे बिलों का भी मकसद होता है, उसको तोड़ा जाता है, उसको पूरा नहीं किया जाता है, ऐसा मेरा कहना है।

यहां पर यह कहा गया है कि बहुत एस्टेट्स पर इसका असर होने वाला है। कालबोर साहब ने जो रिपोर्ट दी है उसमें कहा गया है कि २५,००० से ऊपर की जितनी भी जायदादे हमारे मुल्क में हैं उनकी कुल कीमत चार हजार करोड़ से ज्यादा नहीं होने वाली है। इसके क्या मानी हैं? इसका मतलब यह है कि इसका असर बहुत कम लोगों पर पड़ने वाला है। हमारा जो टैक्स का पैटर्न है, उस पैटर्न की तरफ अगर हम देखें तो हमें पता चलेगा कि हमारी जो नेशनल इनकम है, उस इनकम के साथ प्रतिशत में थोड़ा सा ज्यादा हमारा टैक्सेशन है। हमारा टैक्स लगाने का जो मकसद है, वह कहा तक पूरा हो रहा है, इस पर विचार करने की आवश्यकता है। हमने टैक्सेशन का नया पैटर्न रखा है। हम हिन्दुस्तान में अपने प्लास को कामयाब बनाना चाहते हैं। पहला प्लान पूरा हुआ, दूसरा चल रहा है और तीसरा आने वाला है। इस दूसरे प्लान को कामयाब बनाने के लिये हमें ज्यादा से ज्यादा पैसा इकट्ठा करना होगा। हमारे पास कितने जरिये हैं जिन से हम पैसा एकत्र कर सकते हैं? इन जरियों में एक जरिया एस्टेट ड्यूटी लगाने का है। इससे हमें काफी रुपया वसूल हो सकता है और इसका असर काफी प्राप्ति पर होता भी है। हमें बराबर रुपया इससे प्राप्त हो सकता है। लेकिन जो रेट्स में कमी की गई है, इसका मैं समर्थन नहीं कर सकता हूँ और न ही इसको मैं मानने के लिये तैयार हूँ।

इस एक्ट को एक प्रायोजिब एक्ट कहा गया है। श्री धर्मा० एस० गुलाटी ने अपनी किताब में लिखा है और उसमें प्रायोजिब

[श्री आश्व]]

टैक्स की डेफिनिशन भी दी है जो इस तरह से है —

A tax is progressive if the rate at which it is charged increases with the increase in the value of tax base

इस दृष्टि से मैं कहना चाहता हूँ कि इस में प्राप्रैसिव टैक्स की कोई बात नहीं है। मैं समझता हूँ कि दस लाख को बेस रख कर के ३० प्रतिशत, ४० प्रतिशत, ५० प्रतिशत और ६० प्रतिशत, इस तरह से टैक्सेशन का परसेंटेज रखा जाना चाहिये था। यह नहीं रखा गया है, इस वास्ते इसको प्राप्रैसिव टैक्स नहीं कहा जा सकता है।

इसमें कोर्ट फीस की बात भी कही गई है और लिखा गया है कि जो कोर्ट प्रोबेट सक्सेशन और दूसरे काम के लिये फीस लगेगी उसको एस्टेट ड्यूटी में से कम कर दिया जायेगा। मुझे यह अर्ज करना है कि जो एस्टेट की कीमत होगी उसमें से कोर्ट फीस को कम कर के उसके बाद उसकी पूरी की पूरी एस्टेट र गस्टेट ड्यूटी लगनी चाहिये।

इस एस्टेट ड्यूटी बिल में हम कितने पैसे की अपेक्षा करते थे और कितना हम को मिला है, इसके बारे में भी मैं कुछ कहना चाहता हूँ। यह आशा की गई थी कि पांच करोड़ से ले कर पंद्रह करोड़ के करीब हमें इससे ग्रामदानी होगी। लेकिन मैं आपको बतलाना चाहता हूँ कि सन् १९५४-५५ में ८१ लाख रुपया हमें मिला, १९५५-५६ में १ करोड़ ८१ लाख रुपया, १९५६-५७ में २ करोड़ ११ लाख और १९५७-५८ में २ करोड़ ५२ लाख रुपया हमें प्राप्त हुआ। इस एक्ट की तरफकी की तरफ जब मैं देखता हूँ तो पाता हूँ कि हम पुच्छ की तरफ जा रहे हैं, आइरिश प्रोमोशन दी जा रही है। ऐसी सूरत में मैं समझता हूँ कि इसका जो सही मकसद था वह पूरा नहीं हो पा रहा है।

हम नये नये बिल लाते हैं। एक दिन मेरे साथी भस्मा साहब ने कहा था कि हमारे हिन्दुस्तान में जो कानून बनते हैं वे लायर प्रूफ नहीं बनते हैं। इसके साथ मैं यह भी कहना चाहता हूँ कि न तो जे लायर प्रूफ बनते हैं और न ही पैसा प्रूफ बनते हैं। कालडोर साहब ने भी कहा है कि इन टैक्सों को वसूल करने के लिये हमें बड़े बोल्ट स्टेप लेने चाहिये। इस समय हमारे हिन्दुस्तान में बहुत ज्यादा टैक्स इवेशन हो रहा है और इस की तरफ आपको ध्यान देना होगा। अगर आप टैक्स इवेशन की तरफ देखेंगे तो आपको पता चलेगा कि जो प्राइवेट एटरप्राइज वाले लोग हैं वे कहते हैं कि टैक्सों से बचने का तरीका भी, टैक्सों को डुबाने का तरीका भी वे लोग ढूँढ निकाल सकते हैं और निकालते हैं। मैं समझता हूँ कि ऐसा करना और ऐसा कहना देश के साथ गद्दारी करना है। लोगों का बताया जाता है कि तुम टैक्सों को डुबाने का तरीका खोज निकाला। टैक्स इवेशन के बारे में कालडोर साहब ने बहुत अच्छे ढंग से लिखा है और बताया है कि हिन्दुस्तान के अन्दर २०० करोड़ से ले कर ३०० करोड़ तक इनकम टैक्स का पैसा डुबोया जाता है। उन्होंने लिखा है —

"Conversations with individual businessmen, accountants and revenue officials reveal guesses which range from 10-20 per cent of assessed income at the minimum to 200-300 per cent at the Maximum. The amount of income-tax lost through the tax evasion is more of the order of Rs 200-300 crores than Rs 20-30 crores which is sometimes quoted in this connection"

जब कानून पास होते हैं और उसके बाद जब उनको अमल में लाया जाता है, तो उनको अमल में लाने के लिये जो मशीनरी स्थापित की जाती है, इसकी तरफ भी हमें बहुत अच्छी तरह से देखना होगा। हमें

देखना होगा कि यह मशीनरी बराबर टेक्सों को बसूल करती है या नहीं और अगर नहीं करती है तो हमें इसको मजबूर करना होगा कि यह टेक्स बसूल करे।

आज हम अपनी आमदनी को बढ़ाना चाहते हैं और अपने प्लास को कामयाब बनाना चाहते हैं। कहा जाता है कि हिन्दुस्तान में इंडस्ट्री होनी चाहिये, किसानों की तरक्की होनी चाहिये, पैदावार बढ़नी चाहिये इत्यादि। लेकिन यह तरक्की कैसे होगी? कौन से जरिये हैं जिन से लोगों को इमदाद पहुंचाई जायेगी? एक तरीका पैसा इकट्ठा करने का टेक्स लगाने का है। जिन लोगों की टेक्स देने की अच्छी हैसियत है, उनकी संख्या एक प्रतिशत से अधिक हमारे देश में नहीं है। उनके पास टेक्स देने के लिये काफी पैसा है। लेकिन जो यह कहा गया है कि गरीब लोगों पर इसका काफी असर पड़ने वाला है, यह खाली धोखा है। गवर्नमेंट को इस बात में नहीं आना चाहिये। गवर्नमेंट अमीर लोगों की सुनती है, गरीब लोगों की नहीं सुनती। यह कहा जाता है कि किसानों को अनाज की पैदावार अधिक करती चाहिये और किसानों की मदद करने के लिये पैसे की जरूरत है तथा उसकी आमदनी बढ़नी चाहिये। गवर्नमेंट को क्रेडिट पर किसानों को पैसा देने के लिये चाहिये तथा वह नहीं आयेगा तो किस तरह से काम चलेगा? परसों यहां पर कहा गया था कि गवर्नमेंट के पास १४० करोड़ रुपया से ज्यादा पैसा इस काम के लिये नहीं है। लेकिन यह पैसा भी कहां से आयेगा? हमें देखना चाहिये कि जहां कहीं से भी पैसा आ सकता है, आये। इस दृष्टि से इस कानून की तरफ हमें बहुत गौर से देखना होगा तथा जो खामियां बताई गई हैं उनको दूर करना होगा। ज्वायंट हिन्दु फैमिली के बारे में जो खामियां हैं उनको दुरुस्त करने के लिये आधा तप चला गया और अब पूरा तप ही गया। ये खामियां गवर्नमेंट के

ध्यान में क्यों नहीं आती हैं, यह मेरी समझ में नहीं आया है। हमें जो कमियां हैं उनकी तरफ ध्यान देना होगा तथा उनको दूर करना होगा। जिस तरह की मोसाइटी का निर्माण हम करना चाहते हैं तथा जिस सोसाइटी का नक्शा हमारे सामने है, उसके निर्माण में यह ऐक्ट काफी मदद कर सकता है और इस टेक्स से हम को काफी पैसा मिल सकता है, बशर्ते कि हम इसकी तरफ ध्यान दें।

Dr. B. Gopala Reddi: Mr. Deputy-Speaker, Sir, as many as 14 hon. Members have participated in the discussion and I listened to the speeches with very great attention indeed. It is not the first time that the subject has been discussed this year. The Prime Minister in his Budget speech on 28th February, mentioned about these taxation measures and he mentioned prominently that he is going to introduce this Bill and that the exemption limit will be reduced from Rs. 1 lakh to Rs. 50,000; only one-half of the probate duty or court fees paid on succession certificates will be allowed as a deduction from estate duty instead of the full amount as at present and the value of coparcenary interest in Hindu Undivided Families will be taxed at the rate applicable to the value of the estate of the branch of the family concerned.

These things were mentioned in the Budget speech and I am sure in the general discussion on the Budget these matters also have been discussed. Again, when the Finance Minister introduced the Bill before it was referred to the Select Committee, all these matters were discussed and, thereafter, the Select Committee also went into all these in great detail. And, today, when the report of the Select Committee has come before Parliament the same points have again been thrashed out. So, it is not as if these matters are being rushed through.

Ample opportunity has been given to the country, to the Press and to Parliament to ponder over these

[Dr. B. Gopala Reddi]

matters in great detail. And, I may also say that estate duty has a long chequered career. In 1946, it was introduced first and then it lapsed. Again, in the Constituent Assembly, in 1948, it was discussed and referred to the Select Committee but was not proceeded with further. Again, in 1952-53, it was discussed for nearly 92 hours in Parliament and then it was passed. In 1953, it came into force.

Shri V. P. Nayar (Quilon): That is our complaint that you gave ample opportunity to avoid tax by bequest. That is exactly our complaint.

Dr. B. Gopala Reddi: Then, we have gained 5 years' experience. Now, we have brought this amendment, bringing the exemption limit to Rs. 50,000 and also aggregating the lineal descendant's share for ratable purposes. These are the two main things

I want to impress on the hon. Members that in this matter at least it is not being rushed through. On the other hand, the criticism is that we have given ample opportunities for people to evade tax or to avoid tax legally.

It has been said, how is it that Rs 7 crores were promised per year under this estate duty but they are collecting only about Rs. 8 crores or so for the last 4 or 5 years. Sir, I have got the actual figures of the collections

In 1954-55, Rs. 85 lakhs were collected;

in 1955-56, Rs 173 lakhs were collected;

next year, Rs. 211 lakhs were collected; and

last year, Rs. 231 lakhs were collected.

I do not think the Finance Minister ever said on the floor of this House or elsewhere that he was going to get about Rs. 7 crores a year under the

estate duty. I have gone through the old speeches of 1952 and 1953—the Parliamentary Debates—and nowhere did I find that Shri Deshmukh, the then Finance Minister said that he was going to get Rs. 7 crores. People were making all sorts of guesses. Somebody said Rs. 14 crores, somebody said Rs. 7 crores and nobody could say exactly how much was going to be realised under this Act. So, it is not fair to put it in the mouth of the Finance Minister that he promised to get about Rs. 7 crores.

And, as I said, experience of the last 4 or 5 years shows that we got only Rs. 231 lakhs. We can only say that it is slowly picking up; it is gaining momentum. But, by no stretch of imagination can we expect that we are going to get about Rs. 700 lakhs. I do not think even with the amendment we will be able to get about Rs. 350 lakhs. That is the estimate we are having just now and last year it was, as I said, Rs. 231 lakhs. Even if we get about Rs 350 lakhs with all these amendments, we must consider ourselves very lucky.

Therefore, it is not fair to say that Government said that it is going to be Rs 7 crores.

Shri Jadhav: In the pamphlet that has been issued, *New Pattern of Taxation* by Mr A. D. Ghroff, it has been said that when the estate duty was first levied for Finance Minister of these days estimated the yield as anything between Rs. 5 crores and Rs 15 crores

Mr. Deputy-Speaker: It is Mr. Shroff who has said that .

Dr. B. Gopala Reddi: The Government of India is not responsible for Mr. Shroff's views. I searched the Debates of 1952-53 and I did not find anywhere that the Finance Minister promised Rs. 7 crores.

There are some intrinsic difficulties in our country with complications of the Hindu Undivided Family, the

Mitakshara and the *Dayabhaga* and all that. Since the Act was also new, there were some difficulties.

In our country, we do not get succession certificates. In other countries, perhaps, every time the property passes on death, the sons, heirs or survivors have to get the succession certificate and the value of the property is estimated and stamp duty paid. That will facilitate the assessing officers. But, in our country, most of the property passes without any succession certificate or probate and that again is the difficulty.

There is also very much of liquid cash. It is not as if everybody puts his assets into the bank or deposits in National Savings Certificates. Large sums of money are also kept with the people and there is also any amount of jewellery involved in all these cases and they complicate the assessment.

Then, again, what are the assets which the deceased had and what is the value of these assets? All these things also lead to certain difficulties.

Since 1953 many gifts have also been made and many trusts have also been created, may be, with a view to avoid this estate duty and things like that. Anyway, all these matters also make it more difficult for assessment.

The main criticism that came on this amending Bill is about the exemption limit. I am very glad that some of the hon. Members have supported it. They have not only supported it but they also wanted it to be reduced to Rs. 30,000 or Rs. 20,000. There are other hon. Members who, of course, object to the lowering of the exemption limit and they want the *status quo* to be maintained. I am also happy that my hon. friend, Shri Masani has concentrated only on this one point and he did not go about other sections. He only said that the exemption limit should not be disturbed and it should be maintained as it was in the original Act. Therefore, even among the 14 speakers, the opinion is divided,

some supporting it vehemently and some objecting to it in a strong manner also.

Shri M. R. Masani (Ranchi—East): Have a free vote on it.

Dr. B. Gopala Reddi: When you want, you can have a free vote.

Mr. M. R. Masani: Let the party whip be withdrawn.

Dr. B. Gopala Reddi: The main point of the amending Bill is whether it should be Rs. 1 lakh or Rs. 50,000. The matter was considered in great detail in the Select Committee also. I do not know whether it was by a unanimous vote—I am told that it was an almost unanimous vote—that it was said that it should be lowered to Rs. 50,000. This Rs. 50,000 also is not new. Even in 1952-53, in the original Bill the Finance Minister did not specify any exemption limit. Nor did he specify the rates. He thought that they could be prescribed from time to time in the Finance Bill. But the House wanted that it must know definitely what the exemption limit was and it wanted it to be incorporated in the Act itself. The Select Committee said in 1953 that the limit should be Rs. 75,000; they must have considered it a great deal. But when it came up for discussion clause by clause, Parliament raised it to a lakh of rupees.

The Parliamentary Secretary to the Minister of Community Development (Shri B. S. Murthy): Is it Rs. 75,000 or Rs. 25,000?

Dr. B. Gopala Reddi: Rs. 75,000. I have seen the speeches and even then some people wanted it to be put at Rs. 50,000. Then in the Select Committee they made it Rs. 75,000. In Parliament, during clause-by-clause consideration, it was made one lakh. So, it is not new; it has been considered by the country and by Parliament right from 1953. Whenever we thought of the estate duty this question of exemption limit was always in the fore front. This Rs. 50,000 limit has been accepted by the Select Committee. It is asked whether it is fair or not. After all we have figures of

[Dr. B. Gopala Reddi]

what is obtaining in other countries. It is said that in Soviet Russia there is no succession duty nor estate duty. There are other countries also where the circumstances are different. I need not go into all that. But there are countries where estate duty is obtaining and the rates are not very high. In America it has been said that the limit is about 250,000 rupees or so. But they have left open the field for the State legislatures to have a parallel estate duty. It is not, therefore, correct to say that in America the ceiling is very high and we should not lower it. There, they have got income-tax of both the federal Government and of the State Government; they have got estate duty both of the federal Government and the State Government; that is the arrangement between the federal and the State Governments. It is not a good analogy here. We have got figures for U.K., Japan, Australia and even Ceylon. In Ceylon it is Rs. 20,000; the exemption limit of inheritance tax in Japan is Rs. 6650, that is, the rupee equivalent of 5,00,000 yen. In the U.K. it is Rs. 40,000 and Australia Rs. 30,000. They are the rupee equivalents. When it is put in the ratio of *per capita* income, I may say that it is seven times in Australia, about nine times in U.K., about seven times in Japan and 35 times in Ceylon. At Rs. 50,000 in India, it is going to be somewhere near about 180 times of the *per capita* income. I do not think we have been unfair to the middle-class people. We do want everybody to survive, we want them to work hard and save; we want them, if necessary to leave some property to their children and we do not put any obstacles in their way. Shri Ranga was saying whether it is going to be a disincentive for working hard, saving, etc. Certainly not. We want them to work hard, save money and pass it on to their children but incidentally pay some towards estate duty. Certainly we do not want to say that all property is going to be taken away. We want them to have property and give it away to their children. Along with it let them also think of the

egalitarian society in which they are living and let them also give some little estate duty to the Government.

Shri V. P. Nayar: Egalitarian society in which we are living in our dreams!

Dr. B. Gopala Reddi: Sometimes, it is very sweet to live in dreams. We want to broaden our tax structure. It was with that intention we have lowered the income-tax from Rs. 4,200 to Rs. 3,000. I think Shri Masani also objected to that lowering. But there it is; in the collective wisdom of this Parliament they have accepted this Rs. 3,000 limit. Now, I am sure that in the collective wisdom of this Parliament, they will also agree gladly to the lowering of the exemption limit to Rs. 50,000.

This estate duty, in a way, is a sort of a deferred income-tax; instead of paying year after year, you pay it only once, not in life time but a little after life and therefore, it comes only once in a way while the other taxes such as income-tax, wealth tax, expenditure tax, etc. dog you year after year. This death duty comes only once in life, immediately after life.

Shri V. P. Nayar: Once in death.

Shri Dasappa (Bangalore): How can a man die more than once?

Shri B. S. Murthy: Cowards die many a time.

Dr. B. Gopala Reddi: We want that the less affluent also should contribute their mite towards building up our future. With the same intention, we lowered the income-tax limit to Rs. 3,000; the same ideology pervades here in lowering the exemption limit to Rs. 50,000. I do not think that it is greatly unfair.

Shri Masani curiously argued that a property worth Rs. 50,000 today would have been worth only Rs. 12,500

in 1939 But what he is going to pay also has got only one-fourth value If he is going to pay Rs 400, every rupee he pays has got only four annas value and that will mean only Rs 100 in 1939 value, once after his death It is not an annual affair

Shri Prabhat Kar: What was the per capita income in 1939? (Interruptions)

Dr. B. Gopala Reddi: This is not going to hit hard Let us think about it in a concrete manner what it means On Rs 50,000 he is going to pay nothing On Rs 60,000, he is going to pay Rs 400, in 1958 value On 70,000, the tax is Rs 800, on 80,000, Rs 1,200 and on Rs 90,000, Rs 1,600 and it will be Rs 2,000 in a lakh of rupees If he leaves a lakh of rupees to his survivors, he is going to pay Rs 2,000 only—two per cent Rs 98,000 is safe for his sons and lineal descendants when he is having accumulated wealth worth a lakh When he has died, after living a full life, he passes on Rs 98,000 intact, without any damage and the Government will only ask him to pay, that too in instalments, Rs 2,000, which is only two per cent I do not think it is unfair or it is going to hit middle class very hard and cannot be a disincentive for savings hard work and so on

Shri Prabhat Kar: There is no middle-class with one lakh rupees worth of property, that middle-class is living in the imagination of Shri Masani

Shri M. R. Masani: I know you would like to liquidate them, that is no surprise (Interruptions)

Dr. B. Gopala Reddi: After all, to this Rs 50,000 also there are so many exemptions and things like that and they come to Rs 20,000 or whatever it is but that is a different matter As I said, if he has a lakh of rupees, after paying income-tax, profession tax, sales-tax and all the taxes that he has to pay annually, and if he has got in the form of some assets one lakh, the duty comes only to Rs 2,000 and as

I said, Rs 98,000 goes in tact to his sons And that is not an annual affair again, I must repeat it If it is Rs 2 lakhs, it is going to be Rs 10,000 Under the old Act it is Rs 8,750 The difference is only Rs 1,250 between the old and the present Acts with this exemption limit coming down to Rs 50,000 For Rs 3 lakhs, the difference is only Rs 750 and thereafter for the higher income groups the difference is only Rs 750, whether it is Rs 1 crore or Rs 10 lakhs

14 hrs.

So, considering the low tax—it is only two per cent, for an estate of Rs 1 lakh, it is 3-1/3 per cent for Rs 1½ lakhs—I do not think it is going to be a very hard thing, and it will go a long way to remove inequalities

After all, we are all aiming at removing inequalities It cannot be done overnight, in five or ten years It may take more time, but all our taxation and all our ceilings are being aimed at that so that we do not allow large accumulations of property which will be a source of influence or things like that, and we want to avoid large accumulations

There are other friends who want the percentage must be very high, 80 per cent They ask while in England it is 80 per cent, why are you content with 40 per cent? There are other people who try to pull the exemption to Rs 20,000 or Rs 30,000 and they want higher rates also After all, the Government can take only the mean the *via media* The exemption of Rs 50,000 and the present rates are quite justifiable, and they will remove inequalities over a long period of time It cannot be done overnight, and it cannot be done as our Opposition Members want in five or ten years or immediately, but this will have the effect of removing inequalities over a long time

Shri V. P. Nayar: May I ask a question? The hon Minister gave comparative figures for the lower limit in

[Shri V. P. Nayar]

U.K., Australia and Japan, and now he says we want overnight the rates of duty to be raised. Does he not concede that the corresponding rates of duty prescribed in the schedule now are far lower in the higher slabs than what is prevailing in U.K. and other countries?

Dr. B. Gopala Reddi: Even as it is, the cases are only about 3,000. The assessments in dutiable made last year were only 3,000 and even with this amendment it may go by another 7,000 or 8,000 only. The number of people who are going to come within the mischief of this Act is not going to be very large as in the U.K. or other countries. Therefore, it is not going to be a very hard thing on many people. Only a few thousand people are going to be affected. I am not answering his point just now.

Mr. Deputy-Speaker: Shri Nayar wanted that though they are very few, they must be hit harder!

Dr. B. Gopala Reddi: There are not many people. If there are many people.

Shri V. P. Nayar: My point was that the rates of duty that you find in the schedule now are lower than the rates of duty for corresponding incomes in the U.K. and U.S.A. Even if you were to increase this by taxing the estates of a few people, we could get much more, very much more income. Just because we keep our rates low, the yield is also low.

Dr. B. Gopala Reddi: Let us be satisfied with what it is now.

Shri V. P. Nayar: We are not.

Dr. B. Gopala Reddi: You are not satisfied? You want . . .

Shri V. P. Nayar: When you fix the lower limit as in U.K., Australia or Japan, why not fix the higher limit also at the level of U.K. or the other countries?

Dr. B. Gopala Reddi: My good friend Shri Dasappa says they do not have expenditure tax, wealth tax etc. The wealth tax is going to hit them all right.

Shri V. P. Nayar: Do you want Shri Dasappa to defend you?

Dr. B. Gopala Reddi: In England they do not have the wealth tax.

Mr. Deputy-Speaker: If there is an onslaught from the front, he must have some support from behind!

Pandit Thakur Das Bhargava: The incidence of income-tax is also much higher here.

Dr. B. Gopala Reddi: Of course, the incidence of income-tax is also much higher here.

The next point is about the Hindu undivided family. I heard with great attention the vehement speech made by Pandit Thakur Das Bhargava. He has been dinning into the ears of all the Finance Ministers for a very long time, and every Finance Minister seems to have sympathised with him, but they do not seem to have done anything about it. Finance Minister after Finance Minister assured him in a direct or indirect manner that the matter would be looked into. They sympathised with the Hindu undivided family and all that, but they do not seem to have done anything about it.

Shri Prabhat Kar: His point is that the assurance did not materialise.

Shri V. P. Nayar: Is your promise also like that of the others?

Mr. Deputy-Speaker: If he would be satisfied with that assurance, why should not this be given even now?

Shri V. P. Nayar: Assurance of the kind given before.

Dr. B. Gopala Reddi: In India we have many different types of families. The Hindu undivided family is only one such. We have got the *Dayabhaga*, the individual families and the non-Hindus are also being covered by this—the Muslims, Christians, Parsis. After all, it is not meant only for Hindus and we have many types of succession laws, and we have to take an equitable view in these matters.

I have been going through Shri N. C. Chatterjee's speech in 1952-53 when he pleaded for the *Dayabhaga* families. He said this duty was going to hit very hard the Bengalis, Biharis, Oriyas etc., who follow the *Dayabhaga* system, while the *Mitakshara* family got off lightly under this law. Therefore, we have to take all these things into consideration. We cannot allow one type of family to be hard hit under this and allow other families to escape lightly. Even last time, because of the great discussion that took place, the limit for the Hindu undivided family was brought down to Rs. 50,000 while for other families it was kept at Rs. 1 lakh.

I want Pandit Thakur Das Bhargava to put himself in the position of a *Dayabhaga* family. Of course, he is very much concerned with the Hindu undivided family. He knows what it is, he has been perhaps a member of a Hindu undivided family, as most of us are. Even though the sons' share also will be taken into consideration for ratable purposes, what the *karta* of a *Mitakshara* family is likely to give under estate duty is very little compared to the man in his position in a *Dayabhaga* family. We have taken advantage of the amending legislation to bring it down more or less, not on a par with the *Dayabhaga* family, but we have removed to some extent the unequal position of the *Mitakshara* family and the *Dayabhaga* family.

As I said, last year only 3,000 people were assessed, and that is the utmost we can expect in a normal year under the old Act. Three to five thousand assessments may be made. I was asking the Central Board of Revenue how many of them were concerning Hindu undivided families, but they could not give me the exact figures, but a large number of them are individual families with some little share, one-tenth or one-twentieth share, in the undivided family. After all the bulk of a person's estate will be his own earning; there may be five or ten per cent from the joint family. The Central Board of Revenue could not give me readily how many belonged to undivided families and how many to individual families. Anyway, our intention is quite clear. We are not going to tax the living man's estate. Pandit Thakur Das Bhargava was trying to make out that we are going to catch a living man, that it is not merely an estate duty but the living man also has to pay *kafan* duty. It is only the deceased man's share which will be taxed ultimately, but for ratable purposes the share of the lineal descendants also will be aggregated because they are going to get the benefit out of the estate of the deceased. Some property is passing on to them. They have a beneficial interest in the estate that is being left by the deceased man. As a matter of fact, they are going to get a windfall. Of course, they have a right for it by birth in the Hindu *Mitakshara* family. Anyhow, their share is going to be augmented to that extent, because the deceased father is leaving some property which the brothers are going to share later on. That property alone will be aggregated along with the estates of the lineal descendants for ratable purposes, but the actual tax will be collected only on the portion of the estate of the deceased and the estates of the lineal descendants also will not be clubbed together for taxing purposes. If the aggregate amount of the estate is Rs. 3 lakhs and the portion of the deceased is only

[Dr. B. Gopala Reddi]

Rs. 1 lakh, the percentage of rate will be fixed on the basis of Rs. 3 lakhs but the actual tax will be collected on his portion of Rs. 1 lakh. Therefore, even if a deceased father has two children and the father's share of the property is one-third, only that one-third will be taxed and not the entire property. If the deceased has a wife also living, in Northern India the wife also gets a share. It will not be taken for aggregation purposes. In Madras or south India the wife does not get a share and, therefore, that question does not arise.

An Hon. Member: The Hindu Law has changed now.

Dr. B. Gopala Reddi: Whatever it is, the shares of lineal descendants will be aggregated only for ratable purposes and not for taxable purposes. Therefore, I think it goes a long way to bring on par the *Mitakshara* family and the *Dayabhaga* family, and there won't be any undue hardship on the *Dayabhaga* family.

Sir, previously the entire probate duty was deducted from the tax due. Supposing the tax due is Rs. 10,000 and the man has paid a probate of about Rs. 3,000, he used to be exempted to the extent of Rs. 3,000 and only Rs. 7,000 was to be collected from him. But in States like Bombay the probate duty is very stiff. Probate stamp duty or succession duty is very stiff in certain States, and sometimes it is more than what we are likely to get under estate duty. So we thought that only half of the probate duty should be allowed to be deducted hereafter and the rest, of course, would have to be paid. If a man has paid a probate duty of Rs. 3,000 and the tax due is Rs. 12,000, only Rs. 1,500 will be deducted and the rest will be collected from him. That is also one of the main points of this amending legislation.

About the armed forces, of course, a good deal of sympathy was ex-

pressed. We are certainly not lagging behind in our admiration for our armed forces. They are doing an excellent job and, of course, we will have to depend upon them in any given crisis, especially in any external crisis. We will certainly have to think in what manner we can help them in respect of this estate duty. Though I am unable to accept Shri Karni Singhji's amendment as it is, I have given an amendment myself to the effect that we should exempt members of the armed forces who die in action against the enemy. We are not extending it to police officers, magistrates, labour officers and others. We are confining it only to the armed forces, and that too when they die in action against the enemy. As I said, I have given an amendment to that effect, and I think it will satisfy Shri Karni Singhji to a large extent.

Shri B. S. Murthy: Sir, I rise on a point of information. What about those persons other than military officers who die in action? I think there should not be any disparity between these two categories because both die in the service of the State.

Dr. B. Gopala Reddi: But there is always a difference, Sir, between an armed force man and a magistrate or a policeman. A central excise man may also be killed while pursuing a smuggler. A magistrate may be killed while he is writing his judgment. If all of them are to be exempted, why not exempt the civilians? An eminent doctor may be killed while doing ambulance work. Then it may be asked, why not labour leaders. All sorts of things will be asked. Therefore, we shall confine it only to members of the armed forces, and I think, it will go a long way.

Shri Ranga raised the point about agricultural property. He said that people with even 20 acres and 30 acres are going to come under the mischief of this '50,000 exemption'.

and he pleaded that exemption in respect of agricultural property must be higher and things like that. It is entirely a matter for the State legislatures. After all, the entire money goes to the States. The Central Government is not going to retain a pie out of this except for administrative expenditure. The whole of it is going to be given away to States, and it is up to the State legislatures to consider it from all aspects and see what could be done.

About agricultural property, even now hon. Members are aware that West Bengal Government did not agree to the inclusion of agricultural property for the purposes of estate duty. All other State Governments have agreed, and they have agreed to the limit of Rs 1,00,000. But after this Bill is passed, we are going to ask the State Governments and the State legislatures whether they want to bring it to this level of Rs 50,000, or they want to keep it at the old level of Rs 1,00,000. They cannot have any other option—some State cannot have Rs 70,000 or Rs 30,000. They will be given the option of either agreeing to this new limit of Rs 50,000 or keeping it at the previous level of Rs 1,00,000. When more than two legislatures approve of this, another amending legislation has to be taken in that context.

Shri Rami Reddy (Cuddapah): Is the Central Government going to give any suggestion to the States either to accept Rs 50,000 or to keep Rs 1,00,000 as the limit? Is the Central Government thinking of issuing any directive in that connection?

Dr. B. Gopala Reddi: After all, it is not mandatory. If it is mandatory, the West Bengal Government could not have done this. The very fact that West Bengal Government did not agree shows that it is not mandatory. It is optional, and it is up to them to decide this way or that way. There is no question of issuing any directive in the matter.

Shri Rami Reddy: Is the Central Government going to give any suggestion to the State Governments to accept a particular limit, so that the limit may be uniform in all States?

Dr. B. Gopala Reddi: After all, the suggestion is either you accept this or you keep it at Rs 1,00,000, but do not have it at Rs 70,000, Rs 30,000 or Rs 20,000. We do not want that any variations like that should be there. The option is only between two things—either accept the limit of Rs 50,000 or keep it at the old level of Rs 1,00,000, there is no intermediary limit. It is open to the States to accept whatever they want.

Shri Prabhat Kar: Are you going to suggest to the State Governments that the Central Government would very much like it to be fixed at Rs 50,000, or you will place both the alternatives before them?

Dr. B. Gopala Reddi: We do expect that a larger number of States will agree to this also. Even last time, excepting West Bengal and Jammu and Kashmir, all other State Governments agreed. Now it is up to them. They might say "What is this?" There is a ceiling of Rs 50,000. They might like to keep it at Rs 1,00,000. Any way, we will have ample time to consider this. When the debates in the various legislatures take place all those debates will be sent up here and we will certainly go into the whole question at great length, and we will have ample opportunity of discussing it further. For the time being, Sir, agricultural property is excluded under section 30 or so and, therefore, without even consulting State Governments we are able to proceed with this legislation.

With regard to appeals also Pandit Thakur Das Bhargava made out a great point that the Assistant Commissioners should not be under the Board of Revenue. I was in charge of the sales tax for a number of years in Madras and Andhra. I do not think

[Dr. B. Gopala Reddi]

Government ever interfered with the assessments made by the sales tax officers. I can say that from my own experience. Likewise, even in the case of ITOs the Government or the Central Board of Revenue is not going to direct them that they must tax in a particular way. We want all our officers to be just—whether on the appellate side or in the law department or in the Central Board of Revenue. Just assessments only must be made and unjust assessments should not be countenanced either by the Board or by the Government. So, simply because somebody is under the law department or he is under the tribunal, he is going to be just and that if he is going to be on the administrative side he is going to be unjust is a proposition which I am unable to accept.

Shri Prabhat Kar: Not that way. The point is, their future—their promotions, transfers, etc., everything depends upon the CBR and that is the reason. It is not a question of justness.

Dr. B. Gopala Reddi: What does it mean? I have seen the explanation of Shri C. D. Deshmukh; when this question was discussed. He made a very good point that most often the administrative departments were more generous. There is an erroneous impression that administrative departments are always hard on the assessee. As a matter of fact, they can sit down, discuss the matter and then they can come to some amicable settlement. Administrative officers are more generous in many cases.

For instance, under the present Act, only two per cent of the appeals came to the Central Board of Revenue. The Controllers are assessing, and two per cent of the cases only came up to the Central Board of Revenue. 98 per cent of the cases did not come up. Not because Delhi is far away that they did not come up.

In most cases they were satisfied with

the assessment. Only two per cent of the cases came in appeal and out of the two per cent of the cases only less than five per cent went up to the High Court or the Supreme Court. There again, a member of the Board of Revenue hears them and goes to Madras, Bombay or Calcutta, wherever it is; he hears the party, discusses the cases with him and comes to a settlement, and in most cases they are satisfied with what has been done by the appellate authority.

Shri Naushir Bharucha: Not satisfied; but the cost of further litigation comes to more than the assessment itself.

Dr. B. Gopala Reddi: What about Delhi, Punjab and other States? It may be so for Kerala and Madras, but people who are roundabout Delhi also can come up. They are not coming up. If you see the appeals from States such as Punjab, Uttar Pradesh, Delhi or Rajasthan, they are not very many. As I said, two per cent of the appeals went to the Board and that shows that our officers are lenient, generous, and that they understand the difficulties of the assessee, and are trying to take a sympathetic view of things. If we merely give it to a law officer or a judicial officer, he will only go by the letter of the law and he would not care to what is happening to you and would say, "Under the law I am helpless. I am giving this judgment. You go to the Supreme Court if you like." That is not the attitude which the administrative officer takes. Therefore, let us not decry the administrative officers and extol only the judicial officers. After all, judicial officers also can take sometimes an erroneous view and they also may be sometimes hard. Of course, we are arranging for the appeals also to come to tribunals. Previously, they came straight to the Central Board of Revenue—only one appeal. But now, there is the Appellate Controller. If the party is aggrieved again, he can go to the tribunal

and on any legal point he can go to the High Court or the Supreme Court, etc. So, all these processes are there.

It is so even in other countries. I have just now seen that in England and other countries, where they have got a large amount of experience about this direct taxation, the first appeals and even second appeals always come to administrative officers and not to the law officers. In Australia, Canada, the United Kingdom and other countries, and even in the United States of America, the appeal is only to the administrative officers and not to the judicial officers. So, the Appellate Commissioners and Income-tax Officers cannot be under the tribunal. Once they go there, the chances of promotion may not be there. It is a blind alley as it were. What is the promotion they can look forward to? And the tribunals are only about six or seven, and they would not be able to get any promotion, but here, if it is in the regular administrative departments, they can look forward to further promotions. So, there is nothing wrong.

Shri Naushir Bharucha: May I know whether it is not a fact that the assessing officers are required to make up a particular quota of revenue from a particular circle or ward?

Dr. B. Gopala Reddi: They themselves send it up. It is not as though the Central Board of Revenue asks them, "You Collect Rs. 5 crores or Rs. 7 crores". At the time of the budget, they themselves say that we are likely to reach such and such figure—the Commissioners themselves say it, and they are also totallied up in the Central Board of Revenue. It is not as though the Central Board of Revenue is asking them, "collect Rs. 4 crores or so willy nilly". It is not a fact. You can

ask any Commissioner. They themselves send it at the time of the budget. It is just *andaz*, just an estimate. They try to keep up to the estimate, but like all other departments, they also have a little target. They put two per cent or one per cent over last year's figure, because there is an increase in the amount of wealth in the country. It is not fair to the Board or to the Government to say that every Commissioner and Income-tax Officer and every Inspecting Assistant Commissioner is being given a target, that he must keep up to it and that otherwise he is punished. I do not think anybody has been punished simply because he did not keep to the target, any Commissioner or any Income-tax Officer. But that is the impression abroad that the Board is trying to give targets and then trying to punish people if they do not reach the target, etc.

Shri M. R. Masani: The impression is that they are not promoted.

Dr. B. Gopala Reddi: That is not a fact. I do not think anybody is carried away by any prejudice simply because the Appellate Assistant Commissioner allows an appeal or two. The Commissioners themselves allow appeals or the Central Board of Revenue allows appeals. There are many cases where they negotiate and understand the difficulties, and give instalments. All that sympathetic attitude can be taken only by administrative officers and not by judicial officers. The judicial officers are confined to a limited sphere and they have to interpret the law as it is and they cannot go into the other circumstances that are attached to the assessments.

Therefore, on the whole, I am happy that the amending legislation has been received quite well in the Select Committee and on the floor of the House and I am really thankful to all the hon. Members for the general support they gave to it. The other administrative matters, of course, can

[Dr. B. Gopala Reddi]

certainly be looked into whenever they are brought to the notice of the Board or the Government. I am unable to give a specific assurance about the Hindu joint family, etc. Whenever there are difficulties, of course, they can be looked into, but more than that, I am unable to say in what manner we are going to help them.

Shri Prabhat Kar: That assurance is enough.

Dr. B. Gopala Reddi: It is not enough, but there it is. I commend the amending legislation to the House.

Shri Jadhav: One point. What will be the effect of this Bill on the joint family, in respect of *stridhan* of the joint family?

Dr. B. Gopala Reddi: It is kept separate. But when she dies of course it will attract.

Shri Jadhav: How can it attract?

Dr. B. Gopala Reddi: Not when the husband dies, but when she dies, it would attract.

Mr. Deputy-Speaker: He ought to be more concerned about the share of the other co-parcener. The question is:

"That the Bill further to amend the Estate Duty Act, 1953, as reported by the Select Committee be taken into consideration".

The motion was adopted.

Mr. Deputy-Speaker: We shall now proceed to the clause-by-clause consideration. The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

(Amendment of section 4)

Pandit Thakur Das Bhargava: I beg to move:

Page 2, line 35, add at the end—

"and the Appellate Controllers shall not be subject to the Board in the matter of their transfers, promotions and other conditions of service".

I already know the fate of this amendment, as I said yesterday.

Mr. Deputy-Speaker: Why should the hon. Member argue in frustration?

Pandit Thakur Das Bhargava: I gave that reason yesterday also. I am not going to leave it, because according to me, the income-tax law of this country is not according to our Constitution. In article 50, the principle of separation of executive from judiciary has been accepted. If there is any department in which this separation should have been done long ago or could have been done easily, it is this department. Whereas the Government is doing something in other departments, I feel no indication whatsoever that this principle is being adopted in this department. As I have already submitted, it is much more necessary in this department.

So far as the income-tax department is concerned, in all other countries and in our country also, it is very difficult to have a reform of this kind in the initial stages. We cannot have an income-tax judicial officer, because the income-tax officer himself is the person who makes the investigation. He is the person who finds out the income by investigation and again he sits in judgment upon his own information and taxes us. We know that whatever has been said about the judicial officers or about administrative officers of higher ranks is not true of this income-tax officer. He is not only less competent, but in some cases he is corrupt. At the same time, the fact that many appeals do not go up does not show as a matter of fact that people are satisfied. There may be a hundred and one reasons why people are not appealing. They may be under the impression that the appeals may not be heard rightly.

Mr. Deputy-Speaker. Would the hon Member like to continue on Monday?

Pandit Thakur Das Bhargava
Just as you order, Sir

Mr. Deputy-Speaker Just as the hon Member pleases

Pandit Thakur Das Bhargava
I will continue on Monday

14 32 hrs

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

TWENTY FIFTH REPORT

Sardar A S Saigal (Janjgir) I beg to move

That this House agrees with the Twenty-fifth Report of the Committee on Private Members Bills and Resolutions presented to the House on the 28th August 1958 "

Mr Deputy-Speaker The question is

"That this House agrees with the Twenty-fifth Report of the Committee on Private Members Bills and Resolutions presented to the House on the 28th August 1958 "

The motion was adopted

14.33 hrs

RESOLUTION RE WORKING OF MONOPOLISTIC CONCERNS—Contd

Mr Deputy-Speaker The House will now resume further discussion on the resolution moved by Shri P Kunhan on the 16th August 1958 regarding the working of monopolistic concerns. Out of 2 hours allotted for the discussion, 1 hour and 19 minutes

have already been taken up 41 minutes are left for its further discussion today

Shri V P Nayar (Quilon) Mr Deputy-Speaker, Sir, I am sorry that I was not present last time when the House discussed this resolution. But reading from the speeches made in this House, I have a feeling that the spirit of the resolution was not understood by some hon Members. When we have a resolution like this, the word 'monopoly' should not be interpreted in its literal sense. I think it is better that we understand monopoly in the common sense of it.

I read through the speech of Mr B C Ghose and I was surprised that he had taken the view that there is no monopoly at all in our country today. If you look at the dictionary meaning of the word 'monopoly' probably Mr Ghose is right. But from what we find around us today, it is a fact that in many of the commodities there is not merely monopoly in the field of production but also monopoly in distribution. Nobody can deny today that the Imperial Chemical Industries has monopoly in the matter of import and distribution of certain dyes. The Imperial Tobacco Company for example certainly has been considered to be in a monopolistic position in so far as our trade in cigarettes concerned. The Associated Cement Company is another powerful combine which, according to the hon Minister, Mr M M Shah, himself as he admitted in answer to a question of mine on the 14th of this month, controlling 52.3 per cent of the entire production of cement in the country, leaving about 25 per cent to the Dalmia Group.

Then take the Indian Oxygen and Acetylene Company. In 1954 or 1955 the British Monopoly Commission made an enquiry to determine the monopoly held by the British Oxygen and Acetylene Company, the parent company of the Indian Oxygen and Acetylene Company in the matter of control of acetylene and oxygen in