

[Mr. Deputy-Speaker]

session in which they are so laid or the session immediately following."

*The motion was adopted.*

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

"That clause 19, as amended, stand part of the Bill".

*The motion was adopted.*

*Clause 19, as amended, was added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

**Shri T. T. Krishnamachari:** I beg to move:

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

**Mr. Deputy-Speaker:** Motion moved.

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

**Pandit Thakur, Das Bhargava:** On the last occasion when we were discussing the Wealth-tax Bill, we did not do justice to that Bill. On this occasion also the same thing has happened. We had discussed only six clauses of that Bill. When the Bill was brought forward we found that we were in a very great difficulty. This Bill must be passed today. Otherwise there would have been a proposal to send it to the Select Committee. I would respectfully ask Government to bring measures in such time that there may be time enough for the measures to be sent to the Select Committee. Now our hands are tied. We cannot do anything. I am very much dissatisfied with the manner in which this Bill has been rushed through, because enough attention has not been given, which was due to be given, to this Bill for want of time. If it had been referred to the Select Committee, they would have leisurely considered the various

provisions. So, I again request the Government to kindly go through this Bill again and bring an amending Bill when they consider it necessary. There is no use rushing through and passing Bills. We cannot do justice to these measures, if we rush them through like this.

**Mr. Deputy-Speaker:** He might suggest that there was no time for reference to the Select Committee. But so far as the other question is concerned, that it is being rushed through, that may not be justified because the hon. Member himself was a member of the Business Advisory Committee.

**Pandit Thakur Das Bhargava:** We always find that after the Business Advisory Committee has fixed the time than whenever more time is required to be devoted and the Chairman feels that it is necessary to put more time than necessary more time is devoted to it. If you guillotine Bills like this at the end of six clauses, I do not know whether justice can be done to those measures and the House can be said to have discharged its duty properly.

**Mr. Deputy-Speaker:** There was no guillotine today at least.

The question is:

"That the Bill, as amended, be passed"

*The motion was adopted.*

#### EXPENDITURE-TAX BILL

**Mr. Deputy-Speaker:** The House will now take up the Expenditure-tax Bill, 1957 for which 10 hours have been allotted. As the House is aware, 4 hours have been allotted for the general discussion, 5 hours for clause by clause consideration and one hour for the third reading stage.

The time-limit for speeches will, as usual, be 15 minutes for the members and 20 to 30 minutes if necessary, for Leaders of Groups.

**The Minister of Finance (Shri T. T. Krishnamachari):** I beg to move:\*

"That the Bill to provide for the levy of a tax on expenditure, as reported by the Select Committee, be taken into consideration."

As the House is aware, the Bill was introduced on the 15th of May 1957. After the general discussion, it was referred to a Select Committee consisting of 35 members on 17th July, 1957. The Committee has submitted its report on this Bill to this hon. House on the 26th of August.

This is the first tax of this kind anywhere in the modern world. The Select Committee considered carefully the general principles which should govern a tax of this nature and then examined the Bill clause by clause. The Committee considered the various points raised by the Members of the House during the general discussion of the Budget as well on the motion for reference to Select Committee. The observations of the Committee with regard to the principal changes proposed have been detailed by them in the report. The Committee have recommended a number of amendments to the original provisions, both of a substantive and procedural nature. Copies of the Bill are in the hands of the hon. Members of this House. On the whole, the Committee have approved of the objective of the tax which is to check *inter alia* personal expenditure and to encourage savings. They have also approved the scheme of the tax which is to charge all expenditure of a personal nature irrespective of the source from which it is met, whether from current income or past savings or from any other source

The substantive changes recommended by the committee are in regard to clauses 3, 4, 5, and 6. I shall deal with these in some detail.

The amendments suggested to the other clauses are mostly of a procedural nature, and follow the pattern of the corresponding clauses in the Wealth Tax Bill.

As the House is aware, the proviso to clause 3 in the original Bill provided that no expenditure tax would be payable if the total income under the income-tax did not exceed Rs. 60,000. The House will recall that at the time of referring the Bill to the Select Committee I had suggested that they might consider whether the proviso should be changed or dropped. The obvious reason for this is that the criterion of income has no relation to tax on expenditure. The Committee have given careful consideration to this provision and have finally come to the conclusion that in the initial stages of the working of a new measure like this, a provision of this kind is necessary to prevent harassment of assesseees and to make the administration of the Act somewhat easier. They felt, however, that no distinction was necessary between income liable to income-tax and that which is not so liable. They were of the opinion that the criterion should be not the taxable income as understood in the context of the Income-tax Act, but income or accruals from all sources including receipts of a casual and non-recurring nature. Accordingly, the Committee have recommended that the proviso should be so amended as to restrict the levy of expenditure tax to such persons whose net income, that is income after taxation, from all sources during the relevant previous year exceeds Rs. 36,000. To remove any doubts that may arise, a new sub-clause has also been introduced to make it clear that no expenditure which has been taxed in any one year on the basis of accrued liability is taxed again in a subsequent year when the liability is actually discharged by cash payment or otherwise.

The existing clause 4 has been recast by the Committee and subdivided into two clauses. Sub-clause (i) is

\*Moved with the recommendation of the President.

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almost the same as the original clause excepting that it has further provided that only such expenditure incurred by others for the benefit of the assessee as is in excess of Rs. 5,000 shall be included in computing the taxable expenditure of the assessee. The provisions will ensure that the tax authorities are not unduly meticulous about comparatively small amounts spent by others but at the same time it will ensure that in cases where such expenditure adds up to a sizable sum, it is not ignored. The "Explanation" to the clause clarifies that any expenditure of a trivial or inconsequential nature or by way of customary hospitality, say, the acceptance of a dinner or lunch is not included in the taxable expenditure of the person accepting it.

The new sub-clause (ii) as recommended by the Select Committee provides that expenditure incurred by one's wife or children from out of the gifts or trusts created by the assessee is included in his taxable expenditure. To some extent this is already covered by sub-clause 4(i) but the Committee felt that a further extension is necessary as a measure of abundant caution.

The original clause 5 exempted certain kinds of expenditure from the purview of the tax. The Committee felt that the list of items detailed in the original clause should be expanded to cover expenditure of various kinds which are of a somewhat impersonal nature, and should not, therefore, be taxed. They are items relating to matters like expenditure on the purchase of products of cottage industries, payment of premia on educational and marriage insurance policies, purchase and maintenance of livestock, expenditure for any public purpose of a religious or charitable nature, certain types of entertainment allowances, expenditure out of Privy Purses in certain cases and election expenses to the extent they are allowed in law. It will be recalled that during the earlier discussions in

this House, Members had suggested one or the other of these exemptions. Expenditure incurred outside India by non-resident non-Indian nationals from any source has also been recommended for exemption by the Committee, as also similar expenditure incurred from sources outside India by Indian nationals, who are not resident or who are not "ordinarily resident" in India. This is necessary to obviate hardship to Indian nationals living abroad and visiting India occasionally.

Clause 6 provides for deductions which are to be made in computing the taxable expenditure of an assessee. Sub-clauses (a), (b) and (c) of the original clause have been retained with certain minor modifications, and the main change is really in sub-clause (h) which prescribes the basic allowance. Members will recall that the corresponding sub-clause in the original Bill provided a basic allowance of Rs. 24,000 to every assessee with a further allowance, if claimed, of Rs. 5,000 in respect of each dependant, there being no ceiling on the total basic allowance admissible to an assessee. Under the scheme of the new clause as recommended by the Select Committee, an individual is to be allowed a basic allowance of Rs. 30,000 and in the case of a Hindu undivided family the basic allowance will be Rs. 30,000 for the Karta, his wife and children, plus Rs. 3,000 for every additional coparcener, limited to a ceiling of Rs. 60,000 for the family as a whole. Consistently with the recommendation for limiting the basic allowance, the Committee considered it necessary to allow deductions in respect of certain types of obligatory or quasi-obligatory expenditure incurred by the assessee such as expenditure lawfully incurred in respect of civil or criminal proceedings to which the assessee is a party, medical expenses for any member of the family including the assessee's parents, expenditure on the education of children abroad. In order that these con-

cessions are not abused, the Committee have recommended certain limits, e.g. Rs. 5,000 for medical expenses and Rs. 8,000 for educational expenses abroad. Provision has also been made by the Select Committee for the deduction of expenditure incurred on one's parents subject to a limit of Rs. 4,000 per year.

It will be remembered that during the earlier discussion, some Members, I believe Pandit Thakur Das Bhargava and Shri Shree Narayan Das, had pointed out the need for making such a provision. The Committee felt that expenditure incurred outside India by persons who are not citizens of India but are resident in India should be allowed to be deducted, subject to a limit of Rs. 10,000. The Committee also felt that, Expenditure Tax being a new levy, persons who have been accustomed to a high standard of living in the past should be allowed some time to adjust themselves to the new standards. The Committee have, therefore, recommended that an option be given to such persons to claim an allowance equal to 75 per cent of the average annual expenditure of the last three years or Rs. 75,000 whichever is less, but those who claim the higher allowance under this sub-clause will not be allowed any other deductions, say, for medical expenses or educational expenses of children or legal expenses admissible under the other sub-clauses. I may also add that a provision for the gradual lowering of this limit of Rs. 75,000 to the normal allowances admissible has been made.

Another point that was brought to the notice of the Committee was in respect of the taxes paid by an assessee in a foreign country, and the Committee have proposed a new sub-clause to provide for the deduction of such taxes.

I have explained at some length the more important changes made by the Select Committee. The amendments proposed to the remaining clauses are

of a procedural nature. As I have already stated, these clauses follow closely the corresponding clauses in the **Wealth Tax Bill** which has since been accepted by the House. I would, however, like to draw the attention of the House to the new clause 20 recommended by the Select Committee providing for the settlement by the Central Government of the Expenditure Tax payable in the case of ex-Rulers. The Committee felt that having in view the concession allowed under clause 5(q), it will be difficult to administer the Act in these cases without a provision of this nature. Hence they have suggested this new clause.

The Expenditure Tax being a new measure, doubts have been expressed here and elsewhere as to the feasibility of administering such a tax. The Select Committee have, therefore, been particularly anxious to see that the administrative difficulties are reduced to the minimum and the measure as a whole emerges, in a workable form. At the same time, they have been careful to ensure that individual hardships are reduced to the minimum possible, particularly as this measure, more than any other tax, is capable of leading to harassment or what is considered as harassment by people who are in authority. There may be differences of opinion about a particular concession here or there, but by and large, the Bill, as it has emerged from the Select Committee, is a good compromise between divergent opinions.

Regarding the estimates of yield from this tax, hon. Members have repeatedly asked me to hazard an estimate. I have not quoted Prof. Kaldor so far, though he has been oft quoted by several Members. But I will quote him now and point out that even he has refused to hazard a guess. In fact, in his report on page 47, he has stated:

"It is however, impossible in this case to make even a rough guess of the magnitude of the probable yield".

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The basic difficulty in this case is that we cannot be sure even to what extent personal expenditure will be reduced as a result of this measure. If that could be done, then we can envisage the income. Unlike income and wealth which everyone likes to have in as large a measure as possible, a normal person would like to reduce his expenditure, if he could possibly do so without suffering much inconvenience.

Then there is the growing tendency to pass on one's expenditure to somebody else to the extent that it can be done. As hon. Members are aware, this line of demarcation between personal expenditure and business expenditure is a very thin one. It is so not only in this country but it is also so abroad, and in certain countries, the term 'expense account' has come to have a special significance. Apart from this, the very introduction of this measure and the comparatively high rates of taxes proposed will compel a person coming within the scope of this tax to restrict his expenditure as much as he can. We cannot possibly estimate the effect of this factor, but I will say that I will not be sorry if the revenue from this measure is not as large as it is expected. I will not be sorry even if it becomes nil. Then the purpose of this Bill would be served because to the extent the revenue from this measure is less, to that extent it would have fulfilled its primary objectives of putting an effective check on personal expenditure and diverting the surplus towards savings and productive investment so necessary in the circumstances in which we are placed today.

So much has been mentioned about the novelty of this measure, and I have been told that I have copied Prof. Kaldor, who has no experience of this country. Sometimes I have been accused that I have not copied him fully, though he can take no administrative responsibility for anything that is being done. I would there-

fore want to do something which I usually do not do, namely, to quote, and I cannot do better than quote Kautilya. While enumerating the duties of a revenue collector, he says, (it is in Shyama Sastry's book, page 159, chapter 35—Duties of revenue collectors):

"He shall also keep an account of the number of young and old men that reside in each house, their history (*charitra*), occupation (*aajivika*), income (*aaya*) and expenditure (*vyay*)".

Then he goes on to say that they should also ascertain the total number of men and beasts as well as the amount of income and expenditure of each family.

I am glad that Kautilya had thought of this, though we are recapturing his imagination in the year 1957 for the purpose of taxing.

Shri Narayanankutty Menon (Mukandapuram): We are not counting the animals.

Mr. Deputy-Speaker: By and large, we have to go slowly.

Shri T. T. Krishnamachari: The hon. Member there has made me a beast of burden and, therefore, we have to count

There is also a special provision in this book for agents of the Collector-General who are deputed for checking the validity of these accounts of the village and district offices. After verifying the area, type of produce, right of ownership etc., it says:

"they shall also ascertain the total number of men and beasts as well as the amount of income and expenditure of each family".

The tax collectors checking expenditure of families is therefore not much of a sin that has been followed by an unfortunate Finance

Minister; something had been thought of even in the old days by Kautilya. That provides me with some staunch justification. I know in this House quotations of this nature have been rather popular, and that is why I ventured on one myself. I hope the House will after consideration, approve of the Bill in the form in which it has been presented by the Select Committee.

**Shri H. N. Mukerjee** (Calcutta-Central): Mr. Deputy-Speaker, Sir, when at an earlier stage of the proceedings on this Bill before reference to Select Committee I took part in the discussion, I had some hope that perhaps the Select Committee, mindful of its responsibility in regard to a Bill of this description, would improve upon its provisions. I regret to have to say, with great respect, that the Bill comes back to us from the Select Committee in very much worse shape than it had been sent by the House. This has actually given a handle to those among us who do not want this Bill at all, and they have actually made the suggestion that the Bill should be dropped.

My hon. friend, the Maharaja of Bikaner, has appended a note of dissent in which he says that it should not be added to the Statute-book of India. I am sorry that this handle has been given and I say that in spite of certain deficiencies, we have to go ahead with this Bill. But there is no doubt about it that this Bill, as it has come back to us from the Select Committee, bristles with so many deficiencies that sometimes some of us have felt like saying that perhaps it was better to drop it. But I do not say it because something like this ought to be put on our Statute-book.

Our friends who have appended notes of dissent have referred to the factor of what they call harassment. This question of harassment must have been raised in very acute form when the income tax, for example, was first instituted. This harassment

argument is bound to recur from time to time. But on this occasion, some of those among our Members who have appended notes of dissent, have almost become lyrical in their attack on harassment. One Member, for whom I have great respect says that this Bill is to be 'a parent of harassment'. Another says that there is an element of 'inquisition' about the whole proceeding. Anyhow, I am sure in these days when the country has made up its mind about a socialist pattern of society, we need not worry much about these absolutely outdated arguments about harassment and the inquisitorial aspect of legislation of this sort. A certain amount of inquisitorial activity is absolutely necessary if we are going to have the State undertake projects essential for the sake of the country. I find my hon. friend, Shri M. R. Masani, making a note on this point and I am sure we shall hear a diatribe about the inquisitorial propensities of the modern State, with particular reference to certain countries for whom he has developed a peculiar allergy. He will give us a great deal of very interesting material, but I am sure that when we have made up our mind about having a socialist pattern of society and when the State is the only instrumentality that we have in order to achieve that pattern, we have got to put up with a certain amount of harassment; but we have only to make sure that that harassment is minimised as much as it can be and we have only to make sure that whatever little harassment happens comes to be borne by the presently fortunate members of society.

Sir, I would also like to say that, by and large, the clauses which are likely to be affected have made such a fine art of evasion, and they would have a little more practice in regard to that business so that we need not really worry very much on their score. As a matter of fact, Sir, I discovered in a British Judgement in 1920 an obiter by a Judge called Lord Clyde in a case called *Ayrshire Pullman Motor Service vs. IRC 1920*. He

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said in his judgment: "No man in this country" —England—"is in the smallest obligation, moral or other, so to arrange his legal relations to his business or to his property as to enable the inland revenue to put the largest possible shovel into his stores." Here I find a judicial pronouncement on the fundamental right to evade taxes and to take shelter under legal sophistries and accounting tricks. My friends over there have access to all these legal sophistries and accounting tricks in such a way that we need not really shed too many tears for the attitude which they are expressing in their notes of dissent.

This Bill has two major objects. One is to curtail conspicuous expenditure, and the other is to increase savings. Conspicuous consumption, if it is unredeemed by the graces of good living is not only vulgar, it is also a kind of demoralising factor as far as the life of the country and its economy is concerned. Therefore, we do not want conspicuous consumption, which is another name for vulgarity and another name for the continuation of disparities in our economy, which we are not going to tolerate.

The second object is increased savings. My fear is that this Bill as formulated will not accomplish this twin objective. The objectives are all right. But they could have been achieved, perhaps, better if we had gone ahead a little more courageously. After all, the Finance Minister has shown a great deal of courage in putting forward this kind of suggestion, because after all this Bill is almost unique in the history of legislation in the kind of country with which we are familiar. So, he has shown a certain amount of commendable courage. I wish he had taken courage in both hands and gone further ahead in stopping the whittling down of the original provisions and helping the improvement of certain of these provisions.

It has been said that there is no theoretic justification for the linking up of liability to pay a tax on expenditure with the income of an individual. Actually, Professor Kaldor has pointed out in his report how it is sometimes much easier to catch a man who is spending conspicuously. It is not so easy for a man who has been spending conspicuously to give in his return figures which are fantastically out of relation to the actual sum which he has spent. But, in the case of income tax, Kaldor points out, all kinds of statements are made. Even if the Finance Minister requires these statements to be made on oath they would continue to be made, which have not the slightest relation to truth.

There is some point in saying that we should try to catch the thief when he is trying to deprive the country of its legitimate dues when we have an expenditure tax. But perhaps, it is necessary in our present state of things to have a kind of criterion which can only be the income tax criterion in order to spread our net as wide as we ought to and, therefore, there should be some kind of income tax limitation which we should agree to.

In regard to this there have been differences in the Select Committee. Our friends Shri Menon and Shri Prabhat Kar have suggested that we should have this tax entirely on expenditure irrespective of whatever incomes these people might have made, and a compromise has been suggested by my friends Shri Bimal Ghose and Shri Khadilkar who have proposed that we should have as a criterion Rs. 24,000 as net income from all sources.

Now, for myself I am not happy about this figure. I personally would have suggested a lower figure. I understand in the Select Committee the figure of Rs. 18,000 had also been seriously discussed. As I said I am not happy about this figure of Rs. 24,000 myself, but as I am interested in making this Bill as good as it possibly

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can be made, I urge the House very seriously to consider this matter carefully and to bring down the figure which has been promulgated by the Finance Minister as a result of the deliberations of the Select Committee.

I would like also to say that in view of the exemptions—exemptions are very generous—we should alter the basis of taxation which has been suggested to be on annual expenditure of Rs. 12,000 per assessee. This is the suggestion made by Shri Menon and Shri Prabhat Kar. And, very much more generously Shri Ghose and Shri Khadilkar have suggested an upper figure of Rs. 24,000. But I shall not suggest a specific figure now. These different alternatives are before the House. I feel that, perhaps, Shri Ghose and Shri Khadilkar have gone a little too far, but I know I shall be crying in the wilderness if I wish to press my point of view with any hope of its acceptance. But, in any case, I feel that some lowering of the figure suggested by the Select Committee should be done by this House, and a suitable amendment of the crucial clause, clause No. 3, is therefore called for.

In clause No. 4, sub-clause (1) an addition has been made by the Select Committee which to my mind, appears to be rather gratuitous. Clause 4 (1) says:

“...the following amounts shall be included in computing the expenditure of an assessee liable to tax under this Act, namely:—

(i) any expenditure incurred, whether directly or indirectly by any person other than the assessee in respect of any obligation or personal requirement of the assessee or any of his dependants which, but for the expenditure having been incurred by that other person, would have been incurred by the assessee, to the extent to which the amount of all such expenditure in the aggregate exceeds Rs. 5000 in any year;”

This last clause is an addition by the Select Committee. My point is that this expenditure envisaged in sub-clause (i) of clause 4 is obligatory on the assessee. It is expenditure which, but for its having been incurred by any other person, would have had to be paid by the assessee. Therefore, it is not expenditure which the assessee can legitimately shove over to another shoulder. I feel that this is not just incidental expenditure that is being envisaged, it is obligatory expenditure by the assessee. If that is so, I feel that the addition of the particular clause towards the end by the Select Committee is an open encouragement to benami transactions which are such a blot on our economic system and which in these days, when we try to go ahead, are being set up as so many hurdles in the way of our collecting a most necessary taxation. I feel, therefore, that the addition made by the Select Committee to this sub-clause should be removed.

In clause 5 I find that the exemptions are magnified to such an extent by the Select Committee that sometimes one feels whether it is the idea of the Select Committee that only grocers and tailors and, perhaps, stationers' bills should require to be included for the purpose of computation of the expenditure. I am sure that is not what the House wanted. I am sure that the Finance Minister, if he is serious in regard to this expenditure tax proposition cannot want it. But I find that the majority in the Select Committee have amplified the exemptions.

For example, clause 5 (a) is much too omnibus for my taste. It says:

“any expenditure, whether in the nature of revenue expenditure or capital expenditure, incurred by the assessee wholly and exclusively for the purpose of the business, profession, vocation or occupation carried on by him or for the purpose of earning income from any other source;”



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This is a little too much. After all, this kind of provision might be interpreted by legal casuists in a fashion which would enable the person who wants to evade taxation to get away with it. Therefore, I feel that this is much too omnibus a clause and the addition made by the Select Committee should be deleted. I understand that if it is expenditure for capital purposes; if it is expenditure which will result in production, then surely we are going to allow it some relief. I am not going to say that expenditure for the purposes which would bring about some productive results for the economy should come under a kind of penalty. I do not say that. But I should not word this clause in the way that the Select Committee has chosen fit to do.

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Then I come to sub-clause (b). It says:

"any expenditure incurred by the assessee, or on his behalf by his employer, wholly and necessarily in connection with the discharge of duties arising out of the assessee's employment;"

Now, I want to point out something which I feel is very usually ignored. Personal expenditure is often covered up by being shown as the expenditure made by the company. We all remember, those of us who were in the House in the last Parliament, how the Finance Minister in those days, it was Mr. Deshmukh—said openly that he found that so many of our leading industrialists do not seem to have either house of their own or cars of their own or any kind of amenities, while, as a matter of fact, we find them living in Babylonian luxury. You cannot touch them anywhere because there are all kinds of loopholes which they utilise. What happens is, I find, for example, under our income-tax law, the perquisites are now taxable, but new dodges have been devised and I am sure the Finance Minister knows all about it. For example, there is a car

allowance. The car allowance is subject to taxation, but the cars are bought in the name of the company, registered as a property of the company; but they are always to be at the disposal of an individual and everything is found for them—petrol and the driver and everything. Under these covers, perquisites are taken away, so to speak, from the ambit of taxation.

Similarly, I find that if we say "any expenditure incurred by the assessee, or on his behalf by his employer wholly and necessarily in connection with the discharge of duties arising out of the assessee's employment" then, we are leaving a loophole. I cannot suggest, and of course I was not in the Committee, I cannot suggest any detailed modification, but I wish the House applies its mind to it and plugs the loophole, because I am sure the loophole is there. There is no doubt about it.

Then I come to sub-clause (e). This, I feel, should be confined only to acquisition of immovable property. It says:

"any expenditure incurred by the assessee in connection with the acquisition of any immovable property or in the construction, repair, maintenance or improvement of any immovable property belonging to him".

Upto "repair and maintenance", I accept, but it is to the continuation of these words that I object. What I feel is, on occasion, those who are going to be affected by this law, make luxurious additions to their residences. For example, I know a Member of Government who was a very successful person in Calcutta, and he has a residence which is air-conditioned. Now, I know people who add marble floorings to their houses. It is good; I do not object to that at all. But suppose, in the year of grace, 1957-58, somebody wants to air-condition his entire house, or if somebody wants marble floorings and if somebody wants that kind of

ornamentation which, in the normal course of things he should pay for, then, we would like to say that if you are going, in your wisdom, to have that kind of ornamental addition to the residential amenities which you wish to have, surely be good enough to pay a few rupees to the country. Therefore, I say that to keep these words, "repair, maintenance or improvement"—is not good. "Improvement", especially, is a very, very omnibus kind of expression and I am sure lawyers would gloat over interpretations to the expression, I say it with all respect to my friend Pandit Thakur Das Bhargava, who, I know is a fighter for all good causes. But I know that efforts would be made by those who have a particular kind of talent to interpret things in the wrong way which would really detrimentally affect the interests of the country.

Then I come to sub-clause (f). I was flabbergasted to see the Select Committee adding "bullion, precious stones or jewellery". The sub-clause reads thus:

"any expenditure incurred by the assessee by way of investment in deposits, loans, shares and securities, or in bullion, precious stones or jewellery".

I can allow exemption up to "securities"—up to that limit, but they have chosen to add "bullion, precious stones or jewellery". Even those who have put in notes of dissent, from the point of view of the right wing, have said, "What on earth is meant by this kind of thing? I cannot spend money for medical reasons or for the education of my children." I am coming to that later on. But I shall put it from my point of view. They say we are not being permitted to spend what we should legitimately spend for medical reasons or for purposes of education, but you are permitting people to put their money in bullion, precious stones or jewellery. Are we living in the middle ages or are we trying to ape the splendour of ages which have gone, never to return

again? what is the point? I cannot understand how such a very distinguished committee can put in an addition of this sort.

In clause 5 (g), I shall object not to cottage industry products but to the other things, to other luxury purchases. The clause says: "...any work of art". Well, I like it very much, if I can walk into the parlour of some of our good friends here and see the works of art. As a matter of fact, I want to go to Rajputana and go to certain Maharajas' palaces to see the works of art which are there. I do not mind it in the least, and I do not say it is anybody's fault that one, accidentally, becomes an inheritor of works of art which were collected by one's forefathers. But I say this very strongly. If today anybody is going to make luxury purchases, if today anybody is going to buy works of art for his own delectation, then surely, apart from paying the salesmen, he should pay something to the State. I do not understand why he should grudge this little contribution to the State. As a matter of fact, at one time, the artists required the patronage by the wealthy, by the feudal patrons of the old days, and the ancestors of some of our friends here did a good job by patronising the artists and other people who had no other way of selling their work. Now, things have changed altogether. If today, I want to acquire a work of art, I have no right to have it for myself and hang it in my parlour. I may have a very good collection already and I might like to add to it. Some people are passionate art collectors. Some of my friends here also are so. I admire them very much. But they have no right today to go before the country and say "I should be enabled to purchase these things which cost a very great deal and keep them in my parlour and not pay a single pie by way of taxation to the State". All these works of art should be in the national public galleries. I advise my friends who are inheritors to artistic treasures to give them over—everything over—to the State so that

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everybody, the public, would have a right to look at those things. So, there, I cannot allow, I cannot agree, to the permission given to the people to exempt moneys spent for purchase of works of art from the orbit of taxation.

I now come to sub-clause (h). I have some objection. The clause says:

"any expenditure incurred by the assessee by way of contribution as capital to a firm or other association of persons in consideration of a share in the profits of the firm or association,"

I fear that this includes speculation on the stock exchanges, and the stock exchange, as we know very well, thrives on financial manipulations. It is by no means a productive process; it is by no means a productive sector of the economy and if we cannot keep the stock exchanges' operation out of the picture, I for one would not agree to this provision.

Then I come to clause 5(q) This relates to the former princes and certain exemptions are being sought to be given to them.

Sir, I do wish to say and I do not make any apology for it, that we know some of these princes personally in this House. Some of them we like very much. As I said before it is not their fault that they were born with a platinum spoon in their mouth. Certain considerations in regard to them should not be forgotten. I say all that I am quite willing, to exempt them to the extent of the maintenance of relatives who are dependent upon them, because maybe they have inherited a feudal system which at, one time, perhaps irrationally in our eyes, implied one's having to maintain a lot of dependents. I certainly do not mind expenses for the performance of ceremonies. I do not really mind their being given certain facilities, because they have to keep up certain appearances. Unfortunately, Sir, for the time being we have not expro-

propriated them altogether. If we had done so that was a different matter. If we had a revolution in this country they would have been expropriated. Whether that would have caused some unpleasantness or not is a different proposition. But we have not had a revolution of that sort. Therefore, I am prepared to treat them with every consideration.

But I say at the same time that they have got certain advantages guaranteed by the Constitution. They have got their privy purses which are not subject to income-tax, and, therefore, I should go very slow, I should be very careful in permitting them any further exemptions. As a matter of fact, we have been asking for the imposition of income-tax on privy purposes. We have been asking the princes to disgorge much of those, I do not know, bullion or gold or treasure of what description, which perhaps for long ages have been stowed away in their coffers. But since they did enjoy certain exemptions already guaranteed by the Constitution, I would not give them any further exemptions. I am prepared to treat them fairly and squarely. For the time being the country does not want them to go altogether. For certain reasons we are having an economy where there is a co-existence of all kinds of things. We do have amongst us sometimes persons who behave very much worse than many of these feudal exemplars, because capitalist degeneration is perhaps of a worse type on account of the sophistication with which capitalist generation carries on its practices. But I feel in regard to the princes certain exemptions are being given which ought not to be allowed. Certain exemptions they are entitled to have; certain other exemptions they should not have.

Then, Sir, I want to refer also to clause 5 (1) where expenditure incurred by the assessee in the purchase or maintenance of livestock is referred to. My hon. friend the Finance Minister referred to race horses in

regard to livestock. But I do not understand why the moneys spent in purchasing race horses should not be computed. I should think that would be one of the first items to be computed. I do not have that kind of feeling which certain puritans among us have in regard to racing. I have never witnessed racing. But I do not mind people enjoying racing; I do not mind it at all. But if I own a race horse, I must pay for it, not only to the man who has sold me that horse, but to the country, because we are having an expenditure tax. I have certain particulars which I have passed on to the Finance Minister. Unluckily for me my letters seem to hurt him, because I begin my letters "I am sorry to intrude on your time, but here you are." I have sent him some material about race horses. I do not know anything about them myself. But somebody in Calcutta who knows about the operation in Calcutta, Bombay, Bangalore, Poona and Madras, these five places, sent me a note on race horses. I sent it on to him saying, that he perhaps knows more than I do. Race horses are an asset. My correspondent says that as long as these race horses are in active service they are very valuable, but later when they are put out of commission they are sent to some stud-farms where also they can be transferred with some benefit to the transferor. If anybody is going to have the luxury of buying a race horse, surely we are not going to exempt him from the expenditure tax.

Then I come to the next clause, clause 6 (1)

**Mr. Deputy-Speaker:** The hon. Member has exhausted thirty minutes, and he has reached only clause 6, while there are 41 clauses and one schedule.

**Shri H. N. Mukerjee:** I shall finish in five minutes.

Under sub-clause (1) of clause 6 exemptions on medical and some other expenses are proposed to be given. Rs. 5000 is the amount proposed to be given for medical expenses and

Rs. 8,000 is the amount proposed to be given for educational expenses. A point has been sought to be made that this is necessitous expenditure. I have great respect for that argument. But as a matter of fact in our country most people have not the advantage of the most elementary medical service. Believe it or not, yesterday I got a letter which says that a young student has been sent to Calcutta National Medical Institute and the doctor tells him: "recommended admission in a two-rupee paying bed." He has not got the money, he writes to me. Most of our people have not got the money for the most elementary medical treatment. If somebody has the money to provide medical treatment for himself or his dependants, surely he is very welcome. But if you are going to spend beyond a certain limit, then surely he ought to pay to the State. If you are paying Rs. 20,000 to doctors and to other people associated with the work of medical service, surely you can pay a certain sum to the State.

Similarly in regard to education, I do not want people to be stopped from going abroad for purposes of education. But surely if somebody can spend Rs. 8,000 on a child's education, he can pay ten per cent of it, Rs. 800 to the State. Why should not this be done? As a matter of fact when the working class budget is to be drawn up when there is a labour dispute and the Tribunal has to decide how much money should be paid to the worker, then it is a job to get the tribunal to agree to Rs. 30 as the basic salary, and they say that Rs. 30 must include provision for medical expenses also. We see in the case of labouring people that it is a job to get the tribunals to agree to 2.5 or 3 units for the family, while here we give exemptions to all kinds of people. Why have one kind of ethics for the poor and another kind of ethics for others. Therefore, I feel that this Bill requires many changes.

We find that there is an attempt at blackmail. Here is a document published by the Forum of Free Enterprise which points out how since-

[Shri H. N. Mukerjee]

November 1956 on account of certain new taxes investment in companies has dropped. They have given some figures. They may or may not be true; I am not concerned with that. This Forum of Free Enterprise obviously has access to very expensive paper and sends us all these documents, and it tries in a kind of way to blackmail us into submitting to their demand. We are not going to be frightened by this kind of statement that capital investment has declined. We know very well that certain interests are trying to fight wealth tax and expenditure tax. If you have these measures, then we will hold the pistol at you. That is what they are trying to do. But the country has to go ahead inspite of these intimidatory tactics on the part of big money. It is because the country has declared war on big money, it is because the country has made up its mind, that we are all going to have a socialistic sector of economy, whether the big moneyed interests like it or not. It is for that purpose that Government is making some halting efforts from time to time to achieve that desire. I am sorry that the Bill is not as good as it might have been. I do hope that the Select Committee had done its job a little better, but even now I have some hope that perhaps during the course of the discussion in the House certain changes will be brought about which will make the Bill more acceptable than it is at present.

Shri M. R. Masani (Ranchi-East): Mr. Deputy-Speaker, I suppose it will be agreed that one of the tests by which a taxation measure should be judged would be that it brings in substantial revenues needed for the country, without an undue dislocation of the economic mechanism and without undue inroads into the liberties of the citizen. When I joined the Select Committee, I had an open mind about this particular measure. I had no particular pre-conception whether a tax on expenditure as opposed to tax on income was a good or bad thing. Having met Prof. Kaldor and appre-

ciated his intelligence, I thought this might be an interesting experiment. But having listened to the evidence laid before the Committee, having studied the Bill and its implications, having read the Kaldor report I have reluctantly been dislodged from that position into one of having considerable scepticism as to whether a tax of this nature passes the test which I suggested in the very opening sentence of my speech.

The Finance Minister himself has conceded that not only is he not in a position to estimate the yield, but he also is quite prepared for the eventuality that no revenue whatsoever may be forthcoming from this impost. He says that in any event, certain other aims will have been achieved, namely, to stop people from conspicuous waste and extravagant expenditure. On that point, therefore, we have to be clear that this tax is not really a necessary tax. It is not a tax which brings in revenue which we need. It is a speculative tax, which may or may not bring any revenue. It will certainly bring along a certain measure of expenditure in the collection of the tax, which already has been referred to in the memorandum attached to the Bill. We will hope that the income will exceed that amount.

On the other hand, the psychological dislocation that will be caused by this Bill is considerable. The subject of harassment has been referred to Prof. Kaldor himself, in order to guard against harassment, had suggested a formula which at least, if the Bill is accepted and the tax applied, is a reasonable one. He has calculated expenditure in the following formula: Cash and bank balances at the beginning of the year plus all receipts including gifts, bequests etc. plus borrowings plus sale proceeds of investments minus loans made plus investments purchased plus cash and bank balances at the end of the year. He says that having established the gross expenditure during the year, the onus should be on the assessee to claim exemption for certain catego-

ries of expenditure which are allowable under his scheme. If he does not come forward with the claim for exemption, then he will be taxed for the whole amount. Unfortunately, this scheme has not been accepted by Government nor by the Select Committee and the door is left wide open, therefore, for the burden of proof to be thrown on the assessee. He will have to keep a complete and detailed itemised account of all expenditure undertaken throughout the year, whether by himself, or by the members of his family

Even middle-class people like ourselves must shudder at the thought of having to prove every single item of expenditure including our daily bazaar, our odd purchases, transport, bus rides, and so on. Not only this but we should be able to prove that this was all the expenditure that we undertook. We must also prove a negative, which is almost impossible to prove in law. We must prove that we did not spend more than Rs. 30,000 in a year. It is very difficult even for ordinary people to be able to prove that they did not do something. We can certainly prove what we did. The least we should have to do is to show a complete account and say nothing more than this was spent. I would be a bold man if I put on affidavit at the end of the year a statement that I really have not spent a single anna more than this expenditure. We spend odd amounts here and there so often that it is impossible for us really to say at the end of the year that we can swear that nothing else was spent. I had no intention of going into this in detail, but I would not like to disappoint my friend, Mr. Mukerjee. I was not altogether surprised, though it comes from a gentle person like him, that this inquisitorial method should be taken so cheerfully and lightly in this quarter. After all, from those who for 30 years swallowed every misdeed and every crime of one dictator blindly and with adoration and then, when a second dictator came, and denounced the first as a monster, equally cheerfully follow him with the greatest

amount of complacency and smugness, what can we expect from people like them? We certainly cannot expect any moral indignation at any sort of inquisition.

I am not prepared to agree that having accepted a socialist pattern of society, this country has done anything like accepting the dictatorial methods that certain people would like to see enforced in this country. I do not believe that the Praja Socialist Party or the Socialist Party of India would for a moment support, in the name of the socialist pattern of society, the inquisitorial methods that would gladden certain people's heart. Twentieth century socialists have outgrown these juvenile delinquencies of communist dictatorship. If one reads the book of Mr. Crossland, one of the finest flowers of the British socialist intelligentsia, or another book called Twentieth Century Socialism published by the Socialist Union, with which hon. Members on this side are familiar.....

**Shri Goray (Poona):** Will the hundred flowers be allowed to grow?

**Shri M. R. Masani:** They would not be allowed to grow under Prof. Mukherjee's dispensation. The socialist pattern of society the Indian people are going to tolerate is a different kind of socialist pattern, something which we may be proud of and that socialist pattern will not tolerate the inquisitorial methods that the Communist Party and the others of that kind would like to be enforced in this country. A socialist pattern does not, in the mind of our Prime Minister and the Government, I make bold to say, mean interference, beyond a certain legitimate measure that they might consider reasonable, into the private life and the sacredness of the personality of the individual. I do not for a moment accept this statement that the socialist pattern that this country is prepared to accept has any resemblance to the horrors of the Soviet or Chinese dictatorship.

[Shri M. R. Masani]

Apart from harassment, there is the question of administrative efficiency. We have in this country a creaking machinery, a machinery, as the Finance Minister admitted a few days ago that is unable to combat evasions, unable to recover crores and crores of rupees of public money which is slipping through their fingers, because they have not developed their efficiency as they should have. He admitted quite frankly that we on this side might preach to him about stopping evasion, but he is frankly unable to do anything very much about it.

Is this the kind of machinery which is now going to be asked to collect a tax much more hard to collect than the income-tax? Prof. Kaldor himself has described this expenditure tax as "administratively more difficult to handle than the present income-tax." When our administrative machinery is incompetent to collect effectively the income-tax that is due to them, we are now saddling them, for a footling revenue which we hope to get, with the complicated administrative task which has to be undertaken and which they do not seem to be in a position to cope with. When machinery is not up to scratch in dealing with an administrative problem, the possibilities of corruption and harassment increase, because what you cannot do in a scientific way, you are apt to do by third degree methods.

When the police in our country are not capable of having detecting machinery they should have, they beat up a man and extort a confession. If we apply that analogy, if the tax-gathering authorities suspect there is a leakage somewhere, they will be driven to harsh methods and inquisitorial methods, because they have not got the technique by which without those methods, they can recover the tax that might be escaping. That is why very big names in the economic firmament like Professor Pigou, Professor Keynes and Dr. Dalton at various stages rejected a tax on expenditure

or consumption as administratively impossible.

Another reason why I for one find it difficult to accept this measure is that this is not the machinery even its author, Prof. Kaldor, has recommended. Prof. Kaldor is very clear in his report that you cannot have a substantial income-tax at a higher level and a substantial expenditure tax. He has said that if you combine both, you get an intolerable burden of taxation which will kill incentive and hamper production. His argument is that it is much better not to tax income when it gets into a man's pocket, but to tax it when it goes out because if he puts it in investment, he is performing a constructive economic function. Unfortunately, his advice that nothing over 7 annas in the rupee need be levied on income has been ignored. We have got 85 per cent of the income as the ceiling and simultaneously, we have added to it the expenditure tax, flouting completely Prof. Kaldor's own idea that one should replace the other and not be added to the other. Therefore, this failure to reduce the supertax and income-tax proportionately makes this tax something that is inequitable, something that, in the words of its own author, would do more harm than good.

Now, Sir, Rs. 30,000 sounds a big amount when one thinks of it in the abstract. But, Rs. 30,000 broken down into monthly expenditure for a family of three people—because it is a family unit expenditure and not an individual one—what does it really amount to? What is the rupee worth today? Let me mention just a few indices of wholesale prices that prevail as compared to what they were in 1939. Taking the year ending August 1939 as 100, we get 562 as the index of the price of rice in January, 1957; wheat 584; tea 500; coffee 603; tobacco 809. These are some of the ranges of the rise in prices not in luxuries, but in the daily necessities and comforts of life. If you take an around figure—because, I have selected a few items

and it is fair that I should give over-all indices—it comes to this:

Food articles all put together	392.1
Textiles	416
Manufactured articles	387.1
All commodities put together	422.1

In other words, the rupee today buys less than four annas worth of the 1939 rupee.

It is on the basis of such evidence that Dr. Appleby has made a remark in his report to Government on the administrative services that an official who draws a salary of Rs. 4000 today is really getting no more than Rs. 750 a month in 1939 terms. On the basis of these statistics, the best equivalent I can give for Rs. 30,000 a year today is a pre-war income of Rs. 500 a month. When we talk of these very rich people who indulge in extravagance, we really are beginning to tax people who would be drawing Rs. 500 a month and spending it on themselves, on their wives and children. I ask whether that is the kind of person about whom we should speak with the animus and envy that some people seem to do. Five hundred rupees before the war was a very middle class income. It was not a very luxurious income; nor was it one of the highest incomes in the country.

**Shri Nagi Reddy:** Will these figures apply in the case of wages of workers also?

**Shri M. R. Masani:** Certainly.

Even Mahatma Gandhi, with all his concepts of austerity, which most of us were unable to follow in our lives, conceded that Rs. 500 per head was a legitimate top income for this country despite all the disparities to which my hon. friend referred. Now, that Rs. 500 per head has become Rs. 500 for a family and we are treating as a potential criminal, an anti-social element one who spends Rs. 500 of pre-war purchasing power. I am mentioning this to show how we are losing

sight of the real purchasing power of money and getting blinded by high figures. We may as well say, after the war in Germany, that a man who spent a million marks was a black-marketer, was living an extravagant life. The purchasing power of one million marks after the war was far less. Yet it was one million. Let us consider what money buys and let us not get involved in high figures. Let us have a little sympathy for the middle class people who work hard, who want to educate their children and who want a little freedom to spend their money in the way they like and not in the way in which Shri H. N. Mukerjee would like them to use their money.

I come to this point in conclusion. The whole philosophy underlying this Bill is wrong. It is wrong from the point of view of the economic development and prosperity of our people. Luxury consumption in our country is already heavily taxed. Import duties on luxury articles are tremendously heavy in this country. On top of that, we have quantitative import controls by which certain things you cannot get at all even if you are prepared to spend a reasonable amount of money. Take motor cars. We know how restricted these luxuries are and how the prices have shot up. For an ordinary car which you could buy for Rs. 9,000 ten years ago, you have now to give Rs. 22,000. Most brands of cars you cannot get at all.

The present ratio of saving in this country without these penal measures is already high. Let me give the figures of fixed deposits and savings in our banks which is a very good evidence of the rate at which those with money are saving in our country today. Economists have held that time deposits and savings in banks are a kind of residual investment which rich people make after they have bought their shares and securities. They give a good idea of the trend. The Reserve Bank has published a publication called, 'Trends in the Pro-



[Shri M. R. Masani]

gress of Banking in India'. On December 31, 1952 the fixed deposits were of the order of Rs. 135 crores. At the same time next year, they rose to Rs. 141 crores, in 1954 to Rs. 153 crores, 1955 to Rs. 174 crores, 1956 to Rs. 201.9 crores. Savings in banks rose—

1952 Rs. 131 crores,

1953 Rs. 133 crores,

1954 Rs. 140 crores,

1955 Rs. 140 crores,

1956 Rs. 158.4 crores.

Here is evidence that those who have the wherewithal to save are in fact diverting their earnings and their capital to productive enterprise and productive investment by putting the money in the hands of the banks so that that money can be passed on to constructive and productive purposes. When this process is spontaneously taking place, we are now trying to add a bit of harassment, a bit of irritation, as if a little prodding was necessary for poor beast of burden to push forward. When an animal is performing its function, it is a cruel, stupid owner who goes on hitting it, with a stick from behind. It seems to me that the whole concept of bullying people into doing what they are doing voluntarily today is wrong. The only effect will be to put people off, to irritate them, to make them feel crossgrained. If you induce that harassed mentality and persecution complex in people, you are not going to get out of them what you wish.

[SHRI MOHAMMED IMAM *in the Chair*]

The entire concept that we should stop the people from spending is a luxury which we in an under-developed country cannot afford. We want in this country an expanding economy. We want the people to earn more and enjoy life more. I take it that that is the ultimate purpose of the Second Plan. But the first step towards the ultimate purpose is to ask the people to spend less and live an austere life, even without the modest amenities

and comforts of life to which they are accustomed. This is not a process which will succeed. It has not succeeded in Soviet Russia. It will not succeed here. People like to see a little bit of what they are going to get in the future. If you are going to ask them to work hard, they want to have at least one anna into rupee of the comfort that they are going to get in the future at the present time, for themselves and for their children. They are not prepared to be told that at the end of the Sixth Plan, may be, you may have a richer life for your grandchild. That is not enough, human psychology being what it is. What does this kind of tax try to do? It tries, in the interests of long term prosperity, to aggravate poverty in the immediate.

On the other hand, what we need in this country is more purchasing power to be put into the pockets of the people. We want the people to spend the money in their pockets so that a bigger market can be created. When a bigger market is created, fresh employment is created. Because every time a man spends a rupee to buy something, that something has to be produced and a man has to be put on the job of producing that article. That is how the man who spends gets a more comfortable life and in doing so he creates more employment and more well being in the country. This is the process of an expanding economy which we see in the prosperous countries of the world. We are trying to thwart this process through a false sense of austerity and a false sense of equality.

I have no quarrel with those who are genuine Gandhians. I have great sympathy and respect for the point of view of those like my hon. friend Shri Jayaprakash Narayan or Acharya Vinobha Bhave who want people to live a simple life. They believe that happiness does not come through material comfort or riches. That philosophy is a sound one for those who can practise it. But that is not the philosophy of

the present Government of India. That is not the philosophy of the Second Plan. The philosophy of the Second Plan is a pure materialist philosophy of saying that people become happier when they spend more, when they have more food, more shelter, better clothing better education and better medical relief. That is another kind of philosophy. I am not quarrelling with it. A materialist philosophy has something to say for itself although, I believe, it is not complete. Other values have as much importance in making people happy as their physical comforts. But it does not lie in the mouth of those who have made a religion of economic development, whose hearts throb when they see the indices of steel production going up, who measure the country's well being by how much steel or cement it produces, to preach austerity, denial and less consumption in the same breath. There is a mixture of logic here which falls between the two stools. You neither get the simple life of Gandhiji, nor will you get the prosperity of the United States. You will fall right between the two stools in trying to emulate the prosperity of America when, at the same time, you are trying to squeeze people, who will not produce more unless they are given a foretaste of the prosperity. There is a fundamental lack of logic and intellectual confusion in the provisions of this Bill, and it has no place in an economy which is undeveloped and which we want to see developed. Gandhiji has a right to challenge us on this, but nobody else has that right certainly, least of all the people who believe in the material advancement of the country.

I was happy in this context to see a speech by Mr. Morarji Desai, the Minister of Commerce and Industry, which he delivered at the Central Advisory Council, while inaugurating that body in July. I think he got hold of the right end of the stick in that speech. He said that a large cut in consumption was not a possible solution to this country's problem. The problem before the country, said he, was to bridge the gap between pro-

duction and consumption, not negatively through austerity in consumption, although it was necessary and useful, but positively through greater production. The real and only answer to the problem, said the Minister, lies in greater production. That is an emphasis with which I wholeheartedly agree. But I think the Bill goes against it. This Bill acts as a disincentive to greater production. By taking away consumption, you are taking away more production, which this country needs. You are asking people to work hard, take more risks and earn more. But having earned more a man wants to have the right to decide how much to spend and how much to save because nobody is going to earn if you are going to tell him in advance what he is to do with it. When a man earns, he wants to have the freedom to decide what to do with his earnings. That being so, this measure will defeat the very object, production and greater production, which we all desire.

So, Sir, I have very reluctantly come to the conclusion that I, for one cannot be a party to this measure at all and, in my view in the best interests of the country, this Bill should not be proceeded with further.

**Shri Jaganatha Rao (Koraput):** I rise to support the Bill, as it has emerged from the Select Committee. Certain objections have been raised by my hon. friend, Mr. Masani, regarding the propriety of such a measure. His main objections are administrative difficulties and the harassment that will be caused to people. Regarding administrative difficulties envisaged by my hon. friend, I say it is a matter for the department to see. As a matter of fact, there will be no administrative difficulties because the officer who assesses the individual to wealth-tax would be the same officer who assesses him to income-tax and expenditure-tax. The whole assets of the assessee, including income, expenditure and wealth, is before him. So, it will be all the more convenient for him to assess correctly the income of the individual. It will also avoid evasion of tax.

[Shri Jaganatha Rao]

Regarding harassment, which was referred to by my hon. friend, there will be absolutely no harassment because the individual knows from the provisions of this Bill that any expenditure incurred by him over and above Rs. 30,000, which is allowed as the basic allowance (plus certain deductions allowed to him under clause 6) will come under the purview of this Act. So, where is the question of harassment. It is open to the individual to see that his expenditure does not exceed Rs. 30,000. Then, certain deductions are also allowed. Only when his expenditure exceeds that limit, he will be liable to tax. If he crosses that mark, he will be taxed; if he does not cross it, he will not be taxed. So, I feel there is no question of harassment. It has been clearly stated in the Bill that persons who have a net income of Rs. 36,000 and above will come and above within the purview of the Act. Strictly speaking, the income has no relation to expenditure. This figure has been put there so that persons who have an income of Rs. 36,000 and above know that they would be liable to pay tax if their expenditure exceed the prescribed limit. So, I feel that the grounds adduced by my hon. friend for harassment do not stand.

Then, my friend Mr. Mukerjee has referred to the Bill as it has emerged from the Select Committee, and said that the exemptions that have been given are so large that they have reduced the Bill to a sham. One of the objects of the Bill is to inculcate the habit of savings in the individuals so that they will not waste their wealth. If they do not waste their wealth, their savings form part of the wealth of the nation and it can be used for productive purposes. So, even if no tax is realised under this Act, it does not mean that this Act is not doing any good to the country. If the expenditure is curtailed because of this Act, which deters them from spending, then there will be savings, which will form part of the wealth of the nation. Further, that wealth is taxed under the Wealth-tax Act.

So, we need not be sorry that this Bill has failed to achieve one of the objects mentioned by the Finance Minister, namely, it will yield a sizeable income.

The other point raised by him is that this Act fails to remove the disparities between person and person. True. Disparities in income cannot be removed by taxation all of a sudden. It can be done only in course of time. Every measure of the Government is aimed to achieve an egalitarian society. But it is lengthy process. It can be done only by a long process. We cannot progress very quickly. It is not possible.

Further, we cannot quickly remove these disparities because our society is based on the concept of private ownership of property. That is guaranteed by the Constitution. Every person has got a right to enjoy private property, subject, of course, to certain restrictions. As long as that provision is there, we can remove the disparity only by taxing the people. We cannot straightway see that disparities are removed overnight. We cannot just say that all the wealth shall be State-owned. This has to be done by a process of legislation.

There is the other view expressed, which I find from the notes of dissent, where Mr. Masani and others say that every person has a right to enjoy his property and so the State cannot impose a restriction because, he says, it is a fundamental right. I respectfully submit that is not the correct position. Every person, of course, has the right to enjoy his property subject to reasonable restrictions under article 19. Further, the fundamental rights enumerated in Part III of the Constitution are subject to taxation measures enumerated in Part XII of the Constitution. Where a measure of taxation is introduced, fundamental rights certainly do not arise.

We have embarked upon a Plan which requires resources. Wherefrom is the money to come? Money does

not fall like manna from Heaven. The State has to raise the money. Every citizen has a duty to the State to contribute his mite. The State has a right to demand of the citizens to contribute by way of tax to the success of the Plan. Therefore, my hon. friend would not be right in saying that the State cannot ask the people to curtail their expenditure so that they would not be able to lead a life they were accustomed to. What the Bill intends is to curtail wasteful expenditure. All reasonable necessities required by a person have been provided for. A person may be accustomed to live according to a particular standard, is allowed to do so for his medical expenses a sum of Rs. 5,000 is allowed. He can send his child to a foreign country for education. Taking into consideration that there are persons in various strata of life, reasonable figures have been fixed. It is a compromise between two extreme views—the view that every person owning wealth should give away the wealth to the State or that the State has the right to take it away from him, and the other view that the State has no right to take it away in any shape or form. So, I would say that all the Bill aims at is curtailing of wasteful expenditure. To that there can be no objection from my friends.

When we have embarked upon a Plan, a certain amount of self-abnegation is necessary. Shri Masani was talking about the philosophy of the Bill. The philosophy of the Bill, according to me, is that every citizen is required to undergo a certain amount of self-denial and self-sacrifice. That is why the Finance Minister said and I also feel that if all the people in this country, because of this Bill, from tomorrow lead an austere life, not in the sense of denying to themselves the bare necessities of life but do not indulge in wasteful expenditure, it will be a step in the right direction because they would be reforming themselves and become useful to society.

My submission is that there can be no valid objection to this Bill on

either side, either from the rich or those who hold the other extreme view that there should be no rich people, or no people in the higher income brackets.

I shall not go into the provisions of the Bill in detail, but my hon. friend Shri Mukerjee has raised certain objections stating that there is much scope for evasion. I would say there is no scope for evasion because all steps have been taken to see that any person does not take advantage of the concessions given to him. Clause 5 enumerates certain items of expenditure which do not come within the purview of the Bill. Clause 6 gives certain items of expenditure which are deductible in calculating the expenditure.

Objection has been raised that this sum of Rs. 36,000 has been fixed as the net income of the person to attract the provisions of this Bill. As I said, it is not necessary to connect a person's income with his expenditure, and this has been introduced on grounds of expediency so that people with an income of Rs. 36,000 and above would come within the orbit of the tax.

I commend the Bill as it has emerged from the Select Committee. I have given notice of an amendment to sub-clause (m) of clause 5 which deals with the expenditure incurred by the assessee for any public purpose of a charitable or a religious nature in India. I shall deal with it in detail when the clause by clause discussion takes place.

Shri Bimal Ghose (Barrackpore): I also happened to be a Member of the Select Committee, heard the evidence and participated in the discussion, and I had come just to the opposite conclusion to which my friend Shri Masani has come. I think that this is a good Bill and that it introduces a good measure, though I agree with my friend, Shri Mukerjee, that it has unfortunately been watered down to a

[Shri Bimal Ghose]

considerable extent in the Select Committee.

The objections to the Bill may be grouped under various heads, but the main ones are that there would be more harassment, that we have not the machinery to collect this tax and that it would have a disincentive effect and a few others, but I may say a word about the philosophy of the Bill to which Shri Masani referred. His philosophy appeared to be that we should create more purchasing power in the hands of our people so that the market for all sorts of consumer goods may grow and the people may enjoy fuller employment and a more comfortable life. We have no quarrel with that, we all want that. He went on to say that he did not understand what a Plan was like if it meant stinting, if people could not spend as they liked. But surely everybody knows very well that in an under-developed country in the early stages of a Plan, there will have to be stinting. Somebody has to stint in order that the Plan may succeed. Further, he seems to feel that it will have an undesirable restricting effect.

I turn over the pages of the Minutes of Dissent and I come to my friend Dr. Krishnaswami, and I find that he is of the opinion that it will have no effect whatsoever because it will not affect the common people. It will not affect the ordinary people and the middle classes, and therefore it will have no restricting effect or ameliorating effect on the inflationary process in the country. The two are contradictory opinions. Dr. Krishnaswami may, to a certain extent, be right, but I would be happy if Shri Masani were right and this measure has a disinflationary effect.

Let us come to the question of harassment. Any tax measure will mean some measure of harassment. The question arises whether that should be the main ground for opposing a tax measure. Income-tax itself causes a lot of harassment, but I believe nobody would propose that we

should abolish income-tax. The ground of harassment cannot be the only ground for opposing any particular tax.

16.59 hrs.

[MR. SPEAKER in the Chair]

Of course, I do not deny that harassment is a serious matter, and I hope that the Government will give due consideration to it so as to see to it that no undue harassment takes place or that harassment is reduced as far as possible. But just because there may be harassment, I do not think it will be right for us to oppose a taxation measure.

And then, who are the people who will be harassed, and what will be their number? We have to realise that so far as the ordinary people are concerned, or even the middle classes, for whom it appeared Shri Masani was speaking, they are not at all affected by this Bill. I do not think that any middle class people would come within the purview of the wealth or expenditure tax, because I do not think that a middle class man has an income of about Rs. 2000 or Rs. 2500 per month. Therefore, we need not be so anxious to safeguard the interests of what we call the middle class people. There may be harassment, and I believe the number of assesseees would total about 8000 or so and we have taken some care to reduce harassment. For example, we have related it to income on this ground; otherwise, there may be undue harassment to many.

17 hrs.

Then about our tax machinery being able to bear the burden of such a tax measure, that is something on which I am not competent to say. It is for the hon. Minister to say whether he feels that he has the administrative machinery to carry through this tax measure. I believe the burden is not so great that the income-tax department—I believe it will be entrusted to

that department—will not be enabled to undertake this.

Then we come to the question of incentives. A lot is said about incentives. We examined this argument also when we were discussing wealth-tax. I maintain that it cannot be demonstrated that this tax will necessarily have a disincentive effect.

There is one point I should like to place before you and that is this. Only recently a delegation of industrialists has gone abroad. That delegation left after these wealth and expenditure taxes were introduced in this country. The delegation left before these relaxations were known to it. I should like to know as to what this delegation will tell people abroad. Are they going to say that private enterprise is doomed in India, it has no future and there is no incentive to work, and therefore, foreigners should invest more money in this country? Whenever a tax measure is brought forward, I know that the people who are affected will always oppose it; whether it is increasing the income-tax or the corporation tax or any tax measure, those who are affected will oppose it. But I do not think it will be true to say that this measure will have a very serious disincentive effect.

Having disposed of the arguments urged against this measure, I should like to state one or two points on which I differ from the measure as it has emerged from the Select Committee. I feel that it has been watered down. There is this question of the income level which has been fixed. The limit of income liable to this tax has been placed at Rs. 30,000. My hon. friend, Shri M. R. Masani, has asked: why are you so much worried about this Rs. 30,000 figure? It is only Rs. 500 per month compared to pre-war prices. That comparison was absolutely unreal. Why should we compared with pre-war figures today? What we have to consider is, what is the position of a person today with Rs. 2000 or Rs. 2500 income per month? Do we consider that he is a man

who goes without the necessities of life, who has to stint himself too much? What is the position of a man in society today who earns Rs. 2000 or Rs. 2500? Whatever may be the price level, we are saying that the highest salary that should be paid should not exceed, let us say, 2000 or Rs. 2500. That is the highest salary we are thinking about. In this context, we have to decide what should be the limit that we should fix either for income or for exemption in respect of the liability to tax. From that point of view, I think Rs. 2000 per month is a very safe figure. Rs. 2000 is not too little. My hon. friend, Shri H. N. Mukerjee, felt that it was on the higher side. There may be some justification for that, but I feel that we should not in any case go beyond Rs. 2000 which will also be within the limit of 20 times or 25 times the lowest income. We have also to consider that. I feel therefore that we shall amend that provision and bring down the figure from Rs. 30,000 to Rs. 24,000.

For the same reason, I suggested that persons who spend more than Rs. 24,000 a year should pay tax. We have given a lot of exemptions under the Bill and I maintain that those exemptions are very generous. Even with those exemptions, Rs. 2000 consumption per month should be considered sufficient. Therefore, I feel that it is not proper that the exemption limit should be placed at Rs. 30,000 there also.

Then there is a point with regard to persons who have responsibilities and persons who have not, persons with dependents and persons without. Everybody has been given an exemption limit of Rs. 30,000. I feel it is not fair that a married man and a bachelor should have the same exemption limit. A bachelor certainly should be quite well off with an exemption limit of Rs. 24,000. At the same time, a family with dependents certainly would need more for expenditure of the family.

[Shri Bimal Ghose]

Therefore, the provision which lumps everybody in the same category is wrong in principle. I feel there should be a distinction between bachelors and married people and people with dependents. I have suggested an amendment in my minute of dissent, namely, that the lowest exemption limit should be Rs. 24,000 Rs. 3,000 for each dependent with a maximum limit of Rs. 30,000. The definition of dependents in this Bill extends only to sons and daughters; it does not extend to other relatives who really have to be supported in our joint family system. We were told in the Select Committee that it would not be possible to define dependents, that if we extended its scope, it would bring in loopholes for evasions. I was not really convinced by that argument that we could not define dependents in such a way as to plug evasion and at the same time give relief to people with a larger number of dependent members. I hope the lawyer Members of the House will be able to offer some definition of a dependent which while doing justice to people, and giving some relief to joint families will also, at the same time, see to it that there will be no large-scale evasion.

This Bill introduces a measure which is a very novel one. It exists in no other country in the world. I believe that is one of the things we should be proud of because we are today experimenting with a tax measure which would help in achieving a society that we desire.

We have to judge every tax measure by the objectives that we set before us. It is not as Shri Masani would like to say, that our objective is that we should make more wealth. Naturally, that may be our one objective. We must also increase our production. That is certainly our objective. But, at the same time, while we are increasing production, while we are increasing wealth, it should also be our objective to see to it that inequalities do not widen, do not become worse, that we assure to everybody a minimum standard of life.

Even Professor Kaldor, who is quoted by every section of the House, came to the conclusion after reviewing our tax structure that the inequalities were too great, and that it was not good for the economy or for raising the finances for the Second Plan. I should like my friend Shri Masani to read those portions of Kaldor's report, and to agree that a measure which has the effect of minimising inequalities is good and will help the objectives of the Second Plan. And, particularly, when it is also our desire that we achieve a socialist society where there should be less inequalities, it is all the more desirable that (1) we should try to evolve an integrated tax structure which will bring in more revenues, (2) stop evasions as far as possible—I am sure that all these measures along with the gift tax when it will come will help to check evasion, and (3) reduce inequalities, and therefore help in the objectives that we have set before us.

पंडित डाहूर दास जार्ज (हिसार) :  
उपाध्यक्ष महोदय, इस एक्सपेंडिचर टैक्स बिल की बाबत पहली बात जो मैं धायकी खिदमत में धर्ज करना चाहता हू वह यह है कि मेरी नाकिस राय में जब सरकार को सेकेंड फ्राइव इयर प्लान के वास्ते रूपयो की जरूरत है जब सरकार ने साफ़ तौर पर हाउस में यह कहा है कि हम यह दो टैक्स इस वजह से लाये है कि सरकार को सेकेंड फ्राइव इयर प्लान को कामयाब बनाने के लिए काफी रकम की जरूरत है और इस वजह से मैं मजबूर सा हू कि मैं इस बिल को सपोर्ट कर्न। यह फिलवाक़या साड़े सात करोड़ रूपये की रकम बहुत बड़े बड़े लोग जो पहले टैक्स देते थे उनको माफ़ी देने की बहज से कम पड़ गई है और इस वजह से यह बिल लाया गया है कि वह ख़या बसूम किया जाय। इस बिना पर तो मैं इस बिल को सपोर्ट करना चाहता हू कि सरकार को सेकेंड फ्राइव इयर प्लान के वास्ते रूपयो की जरूरत है। इस वास्ते यू तो मैं इस को सपोर्ट करता हू किन्तु बाक़ी जो बातें मैं इसमें देखाता हू,

एन्कॉर्पोरेटिड-टैक्स बिल और यह जो वेल्थ-टैक्स बिल रखे गये हैं यह सब के सब घोषणा देने वाली चीजें हैं। यह एन्कॉर्पोरेटिड-टैक्स बिल देश के अन्दर हरमिज यह काम नहीं करेगा जो गवर्नमेंट को डाइरेक्टली करना चाहिए। गवर्नमेंट यह चाहती है कि लोग धाराब न पीयें धाराब पर रुपया खर्च न करें अगर गवर्नमेंट चाहती है कि शादियों पर और दूसरे कार्यों पर लाखों रुपये खर्च न हों अगर गवर्नमेंट इस तरह के सोशल रिफार्म्स करना चाहती है तो डाइरेक्टली बिल लाये कि शादियों में इससे ज्यादा धावमी बरातों में नहीं आयेंगे, इससे ज्यादा खाने नहीं दिये जायेंगे। मुमकिन है कि कहीं इनडाइरेक्टली, कहीं रिमोटली इसका असर नजर भी आये, चायब इसका ऐसा असर हो कि लोग कहें कि रुपया ज्यादा खर्च नहीं करना चाहिए और इस वजह से कोई शास्त्र रुपये खर्च न करे लेकिन ये इसके डाइरेक्ट रिजल्ट की तौर पर यह नहीं देखता कि लोग इसकी वजह से अपने धरारा-बात में कमी कर देंगे या किसी तरीके से वे सोशल रिफार्म्स के अन्दर फंस जायेंगे।

जनाबवाला, इसमें कोई शक नहीं कि बी एच० एन० मुकर्जी ठीक तौर पर हमारे फ्राइनेंस मिनिस्टर साहब को बर्खाई देते हैं। अगर वह सैंकंड फ्राइव इयर प्लान के वास्ते उनको बर्खाई देते तो मैं उसमें उनके साथ कामिज होता। काल्डर साहब की रिपोर्ट के बाद नये नये क्रम हमारे फ्राइनेंस मिनिस्टर साहब ने उठाये हैं लेकिन मैं कहना चाहता हूँ कि वहीं काल्डर साहब इस टैक्स की अपने मुल्क में रायज नहीं कर सकते, किसी मुल्क में रायज नहीं कर सकते और जो चीज कहीं की दुनिया में न हो उसको हम यहां करने जा रहे हैं। मैं अपने फ्राइनेंस मिनिस्टर साहब को उकर इस तरह का चुरंत का क्रम उठाने के लिए मुबारकबाद देता लेकिन मैं समझता हूँ कि हमारे देश के जो हालात हैं उनको देख कर मुझे मंत्री महोदय की इस तरह की चुरंत मुताबिक नहीं अच्छी।

जनाबवाला, यहां हाउस में कुछ हेरिसमेंट का शिक हुआ है। अब देखना यह है कि इस से लोगों के ऊपर क्या असर पड़ेगा और धाया इससे कोई रकम भी बसूल हो सकेगी या नहीं, यह दो बड़े सवाल हैं। मुझे यह डर है कि हम जिस वजह से इस बिल को सपोर्ट करते हैं वह बात पूरी नहीं होगी। इसमें धामदनी इस ऊपर नहीं होगी जिस ऊपर कि हम चाहते हैं। अगर इसके अन्दर काफ़ी धामदनी हो सकती तो मैं इस बिल को बड़ी खुशी से सपोर्ट करता।

इसके अन्दर धामदनी जो खर्च करता है उसका वह हिसाब देगा। हम सब लोग इनकम-टैक्स ला से बखूबी वाकिफ़ हैं और जानते हैं कि कितना टैक्स इवेड होता है। टैक्स इवेजन् की शिकायत आये दिन यहां पर मेरे दोस्त श्री एच० एन० मुकर्जी किया करते हैं और वह खुद बतलाते हैं कि १८० करोड़ रुपया इनकम-टैक्स का धमी भी ऐरियस में पड़ा है। सरकार किसी के खिलाफ़ कोई कोभरसिब मेजर्स अस्तवार नहीं करना चाहती। मुझे कोई शक भी बखूबा नहीं है कि अगर इनकम टैक्स की बखूबी ठीक तौर पर इस देश में की जाय तो धापकी यह दो छोटे मेजर्स धपनी जब में रखने की कोई उकरत न रहे क्योंकि १०, ५ या ४ करोड़ ही धाप इनसे हासिल करने की उम्मीद करते हैं, अगर इनकम-टैक्स ऐक्ट को ठीक तरीके से एनफ़ोर्स किया जाय तो बीसा में पहले कई बके कह चुका हूँ वह सब की सब रकम बसूल हो सकती है और कई गुना १५ करोड़ से ज्यादा धामदनी हो सकती है। धापकी धामदनी डेढ़ गुनी हो सकती है। पहले फ्राइनेंस मिनिस्टर साहब का यह जयाल था कि ३० करोड़ से ज्यादा का टैक्स इवेजन् नहीं होता लेकिन काल्डर साहब के व डिपार्टमेंट के-कहने के मुताबिक वह रकम कई सौ करोड़ रुपये की कमली है। देश के अन्दर बेटी बड़ी हो और उसको काटने वाला कोई न हो। इस देश के अन्दर बिल तरीके



[वंडित ठाकुर दास भांबव ]

से इनकम-टैक्स डिपार्टमेंट काम करता है, उससे ज्यादा इनफ्लिक्शियेंट और करंट डिपार्टमेंट मिसना भुक्तिस है ।

पहले फ्राइनेंस मिनिस्टर साहब ने जो टैक्सेशन लिमिट ३५०० के बजाय ४२०० रखी थी, तो वह कोई एसेसीज की मुहब्बत की बजह से नहीं रखी थी । उनका खयाल था कि ४२०० की रकम रख कर वह ३५०० के बमुकाबले ज्यादा रकम वसूल कर सकेंगे । मैं इनकम-टैक्स ऐक्ट से बखूबी वाकिफ हूँ और रोड देखाता हूँ कि लोगों की क्या हालत होती है और किस तरीके से इनकम-टैक्स डिपार्टमेंट और उनके अफसरान काम करते हैं । इनकम-टैक्स ला तो इतने असें से रायज है और अब वह फ्रिन्ड और सर्टेन सा है और यह मालूम रहता है कि किस से टैक्स लिया जायगा, बिजनेस और सीलरीज बगेरा पर किस तरह वसूल किया जायगा, वह सब दिया हुआ है, लेकिन यह जो नया एक्सपेंडिचर-टैक्स बिल आया है और जिसके कि ऊपर श्री एच० एन० मुकर्जी ने इस ऊदर बजट खर्च किया और उसकी हर एक बफा को स्कन कर जाला, उसको मुनाहिषा करने से पता चलेगा कि उसमें इनकम-टैक्स अफिसर को कितना उबर्दस्त डिस्क्रिबन दिया हुआ है और उसमें करप्यान की कितनी अधिक गुंजाइश है । वह जिस तरीके से चाहे इस ऐक्ट के एक एक सफब को इंटरप्रेट करे । इस ऐक्ट में इतने ज्यादा एजाउन्सेज हैं कि क्या शामिल होगा और क्या नहीं शामिल होगा यह सब फ्रैसला करना उसके हाथ में छोड़ दिया गया है और मैं समझता हूँ कि इस तरह की बाइब डिस्क्रिबनरी पारस देकर पैराडिस फोर ( Paradise for ) करप्यान इनकम-टैक्स अफसरान के लिये बन्ना दिया गया है ।

अब बनाववाला हैरिसमेंट का खयाल औरभयें । पहले यह नियम था कि ६० हजार कपया इनकम-टैक्स देने वाला शख्स इसके अन्दर आता था, लेकिन उसके मुताबिक

हमारे फ्राइनेंस मिनिस्टर साहब फरमाते हैं कि इसके अन्दर हम ने जो एक बेसिस रखी है वह उचित नहीं है क्योंकि यह ठीक नहीं है कि ६० हजार वाले के ऊपर तो यह टैक्स लगे और ५६ हजार वाले के ऊपर न लगे और उन्होंने इसके अन्दर यह लिख दिया कि जिस शख्स की ३६ हजार रुपये नेट इनकम होगी उससे ज्यादा वाला इसकी जद में आ जायेगा उससे कम के लोग नहीं आयेंगे । अब मैं जानना चाहता हूँ कि ऐसा कौन सा उनके पास बैरोमीटर है और कौन सा ऐसा थर्मामीटर है जिसको कि बगल में लगा कर वह यह मालूम कर सकेंगे कि फर्ना शख्स की आमदनी ३६ हजार है कि नहीं । इसका क्या नतीजा होगा ? इसमें यह होगा कि लोगों के प्राइवेट मैटर्स में दखल दी जायगी, और जिसको कि मेरे दोस्त श्री मसानी साहब इनक्युजिटोरियस कहते हैं, उस तरीके से लोगों के प्राइवेट मैटर्स की और हर चीज की जांच की जायगी और इस तरह एक भादमी को इस बिल से जितना हैरिसमेंट होगा, उसका खयाल मेरे दोस्तों को नहीं है ।

मैं खुद अपना अपना केस अर्ज करना चाहता हूँ । मैंने कभी अपना हिसाब नहीं रखा, मेरी हिसाब रखने की भावत नहीं है और उस हालत में एक इनकम-टैक्स अफिसर मुझे कैसे बिलीव करेगा कि मैंने इतना खर्चा नहीं किया है । हमारे इस देश के अन्दर लिटरेसी बहुत कम है और बहुत कम लोग यहाँ के हिसाब किताब रखते हैं, जो लोग व्यापार बगैरह करते हैं वे तो कुछ अपना हिसाब रखते हैं लेकिन ज्यादातर ताबाद ऐसे लोगों की है जो कि अपना हिसाब नहीं रखते हैं । आज तक मैंने कभी अपना हिसाब नहीं रखा, पिछले ४५ वर्षों से ज्यादा असें से टैक्स देता आया हूँ और अब इस बिल के अन्दर जो हिसाब रखने की पाबन्दी आयब की गई है तो मैंने उसके लिए एक असेंमेंट दिया है कि हिसाब रखने के बास्ते जो मुनीव हो उसके असें

का ऐनबन्धन दिया जाय । अगर आप चाहते हैं कि मैं हिसाब दू तो हिसाब रखने की प्रायत हुकम देने से नहीं आयेगी और मेरे जैसे हज़ारों पढ़े लिखे आदमी हैं जो कि हिसाब रखने के आदी नहीं हैं, भ्रमपड़ों का तो चिन्त ही क्या, उनकी क्या हालत होगी ।

इस बिल की धारा ४, ५ और ६ जिनमें कि Amounts to be included in taxable expenditure, Exemptions from expenditure-tax in certain cases and Exclusion from taxable expenditure

का चिन्त आया है उनके मुताबिक हर एक आदमी के बारे में यह देखना होगा कि कितनी रकम टैक्सबुल एक्सपेंडिचर में शामिल होनी चाहिए और कितनी रकम टैक्सबुल एक्सपेंडिचर से एक्सक्लूड होनी चाहिए, ऐसी उनकी भाषा है कि काफ़ी गड़बड़ होने की संभावना रहती है इसके अलावा हमारे यहां जो इनकम-टैक्स आफिसर्स होते हैं वे सीधे कालिजों से निकल कर उन जगहों पर आ जाते हैं और मैं जानता हूँ कि ऐसे ऐसे इनकम-टैक्स आफिसर हमारे यहां पर हैं जो कि हिसाब किताब ठीक से नहीं देखना चाहते और जो खुद यह नहीं जानते कि किस तरह से सही ढंग से हिसाब रखना चाहिए और यही हाल बड़े इनकम-टैक्स आफिसर्स का है कि वह न हिसाब समझते हैं और न कोई और चीज समझते हैं । आप इनकम-टैक्स डिपार्टमेंट के अन्दर बहुत ज्यादा इनएफिशियसी है और जनाबवाला ने वह किताब भी देखी होगी जिसमें एक इसी डिपार्टमेंट के आदमी ने कि विस्तार से बतलाया गया है कि इनकम-टैक्स डिपार्टमेंट की कैसी बुरी हालत है । कलकत्ते के अन्दर इनकम-टैक्स के बारे में सर्वे हुआ और उसके मुताबिक हज़ारों आदमियों को टैक्स जमा करने के लिए नोटिस दिये गये लेकिन वह इनकम-टैक्स बसूल नहीं किया गया । जब कलकत्ते जैसे बड़े शहर की जगह पर सर्वे हो चुका है वहां की यह हालत है तब आप बकूबी समझ सकते हैं कि देश के बाक़ी शहरों में जहां कि पांच तक इस बारे में सर्वे नहीं हुआ है, वहां की कैसी हालत होगी । मैं समझता हूँ कि अन्दर

इनकम-टैक्स ठीक से बसूना जाए तो बरीर इस टैक्स के लगाने सरकार की आमदनी कई गुनी बढ़ सकती है लेकिन वह नहीं किया जा रहा है ।

जनाबवाला, मैं उस संसद में नहीं फंसना चाहता, जिसका कि चिन्त भी जगन्नाथ राव ने किया है । मैं यह मानने को तैयार हूँ कि आप जो हमारा आइडियल है वह यह है कि इस डेवलप एकोनामी में लोग खूब कार्यों पीयें, और खर्च करें लेकिन ताहम जब तक हमारा फ़ाइव इयर प्लान पूरा नहीं होता, गरीब आदमियों पर रोज़ टैक्स लगते हैं, ऐसी हालत में अब तक कि यह हमारा फ़ाइव इयर प्लान पूरा नहीं होता हर आदमी का फ़र्ज है और सरकार का फ़र्ज है कि सैक्रिफ़ाइस उनसे कराये जो कि सैक्रिफ़ाइस कर सकते हैं । आप गरीब आदमियों पर रोज़ टैक्स लगाते जा रहे हैं । आखिर उस की क्या हालत होगी ? वह बेचारा तो पेट भर के खाना भी नहीं खा सकता है । मैं इस बात को मानने के लिए तैयार नहीं हूँ कि जो आदमी दे सकते हैं, उन को इस बात की पूरी इजाजत हो कि वे खूब फ़िज़ूलखर्ची करें । अगर इस में टैरिअसमेंट और दूसरे शगड़े न होते, तो मैं किसी हद तक यह पसन्द करता कि आप पूरा एलाउंस दें, जितना कि एक अच्छे से अच्छा आदमी खर्च कर सकता है । आप हमारे मिनिस्टर साहबान को २,५०० रुपये स ज़्यादा नहीं मिलता है । हमारे डिप्टी स्पीकर साहब और डिप्टी मिनिस्टर साहबान को २,२०० रुपये से ज़्यादा नहीं मिलता है । सब कुछ टैक्स दे कर उन की क्या आमदनी रहती है ? बड़ी मुश्किल से उन का गुज़ारा होता है । सरकार चाहती है कि वह कार रलें । इस हाउस में कोई भी वाक्ख, जो कि कार रखने वाला हो, मुझे यह बताये कि क्या कार पर ५०० रुपये माहवार से कम खर्च होता है । १०० रुपये घोकर को दिये जाते हैं, तेल पर खर्च होता है, डेप्रिसियेशन कास्ट होती है । इस तरह ५०० रुपये माहवार से कम खर्च नहीं होता है । मैं पूछना चाहता हूँ कि आप क्या चाहते हैं । आप १८,००० ब

[पंडित ठाकुर दास भांष]

₹२,००० रुपये की बात करते हैं। क्या आप चाहते हैं कि सारे हिन्दुस्तान में हमारे मिनिस्टर और डिप्टी मिनिस्टर कर्ज के कर जायें? या फिर वे कैसे गुजारा करेंगे? मैं भर्ज करना चाहता हूँ कि वह ठीक तरीका नहीं है। ठीक तरीका तो यह है कि आप एक सीलिब मुकर्रर कर दें और उससे बढ़ कर जो खर्च करता हो, उस पर टैक्स लगाया जाय। हमारे फिनांस मिनिस्टर साहब ने कहा है कि उन्होंने इस को इनकम-टैक्स से लिंक नहीं किया है, लेकिन मैं पूछता हूँ कि यह ३६,००० रुपये का मीयार कैसे रखा गया है। जिस सक्स की आमदनी ३५,००० रुपये हो, उस को भ्रष्टियार है कि वह लाखों रुपए खर्च कर दे, वह कहीं से लाए, वह चाहे क्या खर्च कर दे, लेकिन उस की कोई पूछ-ताछ नहीं है। इसी तरह ३४,००० रुपये जिस की आमदनी हो, उस की कोई पूछ-ताछ नहीं है। तो फिर इस ३६,००० रुपये में क्या बात है, जो कि इस को रक दिया गया है? अगर कुछ रखना ही था—अगर कोई रैशनल बेसिस बनता है, तो खर्च पर टैक्स रक देते। अगर किसी का स रकम से ज्यादा खर्च साबित हो जाय, तो उस पर टैक्स लगा दिया जाय। तीस हजार या चालीस हजार या कुछ और मीयार रक दिया जाता और उससे ऊपर जो खर्च करता, उस पर टैक्स लगा दिया जाता। यह एक रीजनेबल बात होती, लेकिन आप जो कुछ कर रहे हैं, वह रीजनेबल नहीं है।

एक बड़ी भारी शकती यह है कि लोग एक टैक्स तो दे नहीं सकते हैं, लेकिन उन पर तीन तीन टैक्स लगाये जा रहे हैं। या फिर इतने भ्रष्टियार मुकर्रर करने की क्या जरूरत है? अगर कोई टैक्स लगाना ही था, तो इनकम, सैलरी या किसी भी दूसरे नाम से टैक्स लगा दें, लोगों से, रुपया बसूल करते और पैन को पूछ कर देते। मैं तो इससे भी भ्राने जाता हूँ। अगर पैन पूरी नहीं होती, तो पांच, दस या बीस हजार पर कैपिटल नबी लगा कर उसको पूरा कर दीजिये। लेकिन ये बहाने-

बाधियां, वे सराकियां करना और कहना कि इतनी धमील्य हौनी, यह होना, वह होना ठीक नहीं है। या फिर इतने पाठ हजार धाधमियों का फ़ैसला कौन करेगा? कहां तक उनकी धमील्य जायेंगी? वे सुप्रीम कोर्ट तक जायेंगे।

इस बिल में जो मुद्दे रखे गये हैं, वे बहुत ही धमील्य हैं। मेरे पास इतना वक्त नहीं है कि मैं उन पर बहस करूँ, लेकिन मैं यह भर्ज करना चाहता हूँ कि उन की वजह से इस को बर्क करना निहायत ही मुश्किल होगा। उन मुद्दों पर कुछ न कह कर मैं बन्द ज़रूरी बातों का जिक्र करना चाहता हूँ। मैंने बैल्य टैक्स बिल के वक्त भी भर्ज किया था और अब फिर मैं निहायत धधब से और जोर से भर्ज करना चाहता हूँ कि अगर इस बिल में कोई चीज भ्रसेसी को तसल्ली दे सकती है, तो वह सिर्फ़ एक भ्रोफ़िसर है और वह है एपिलेट असिस्टेंट कमिश्नर। मेरे दोस्त ने अभी जनाब के सामने कौटिल्य को कोट किया है। उस पर मैं पीछे आऊंगा। मैं यह भर्ज करना चाहता हूँ कि किसी भी टैक्स में सब से पहली बात यह है कि भ्रसेसी को किसी किस्म की तक्लीफ़ न हो, शिकायत न हो। जिस वक्त वह इनकम-टैक्स या फिर के पास— या किसी दूसरे मुताल्लिका या फिर के पास— जाय, तो वह यह महसूस करे कि सामने उस का दोस्त बैठा है, सरकार को जितना देना चाहिये, वह उतना ही और मुनासिब टैक्स लगाएगा, वह ज्यादा टैक्स नहीं लगाएगा, वह मेरा दुश्मन नहीं है। यह ज़रूरी है कि भ्रष्टियारों की तरफकी इस बिना पर नहीं होगी चाहिये कि वह ज्यादा टैक्स लगाते हैं। मैं इस हाउस में पहले दो केसिब सुना चुका हूँ कि किस तरह से इनकम-टैक्स या फिर के पास— उन के या फिर के पास— उन्को रिस्कत लेने और देने के लिये मजबूर करते हैं और किस तरह से बिल्कुल किमूल बातों पर उन लोगों की तरफकी रोक देते हैं। इस सारे

बिल में एक ही कथ है, जिस पर हम को एक-बार ही धीर जो असेसीज को बहुत सख्ती देता है और वह है एपिलेट प्रसिस्टेंट कमिश्नर । वहाँ तक इनकम-टैक्स आफिसरों का तात्कृक है, एक आफिसर में पुनिस धीर जब दोनों कम्पाइन्ड होते हैं—वही तहकीकात करता है, वही टैक्स लगाता है । ऐसा बहुत दिनों से चला आ रहा है, इसलिये हम इस बारे में सिकस्यत नहीं करते । अपिलेट आफिसर वह अकेला आफिसर है, जिस पर इनकम-टैक्स का डिपार्ट-मेंट कायम है । लेकिन उस पर भी एक अनुस कमाया हुआ है । उसकी प्रमोशन, ट्रांस्फर और बुनिया में तरकीबी के तारे चांसिज बोर्ड में अपने काम में रले हुए हैं । बोर्ड उस वक्त तकत करे छोड़ना नहीं चाहता है । बी सी० डी० रेसमूस ने, जिस वक्त वह फिनांस मिनिस्टर थे, इस सिलसिले में कोसिस की, हमारे साथ को-आपरेट किया, लेकिन बोर्ड नहीं माना । मैं गवर्नमेंट की सिदमत में अर्ज करना चाहता हूँ कि अगर गवर्नमेंट चाहती है कि उस के टैक्सिज का बहुत बुरा असर न हो और लोग वह फील न करें कि हमारे साथ जबर्दस्ती हो रही है, तो सब से पहला काम यह करना चाहिये कि एपिलेट प्रसिस्टेंट कमिश्नर को बिल्कुल इंडिपेंडेंट रखा जाय । मैं यह पूछना चाहता हूँ कि देश में सेवान्ज अब के फ्रंसलों पर पूरी तसल्ली क्यों होती है । इसलिये कि वह एक इंडिपेंडेंट आदमी है, वह गवर्नमेंट के मातहत नहीं है । इस सिलसिले में हमारे कांस्टीच्युशन की दफा ५० कास तौर से तबज्जह के काबिल है । उसमें लिखा है कि गवर्नमेंट के सिर्फ एक ही महकमे में नहीं, बल्कि गवर्नमेंट की सारी इंस्टीच्युसनस में एग्जेंक्टिव और जुगबदारी में संपेरेषन करनी है । अगर आप चाहते हैं कि आप का महकमा ऐसा हो, जिस पर कि लोग भरोसा करें और वह न समझें कि वह हमारी खाल उभेड़ना चाहता है, तो आप एपिलेट प्रसिस्टेंट कमिश्नर को बिल्कुल इंडिपेंडेंट रखें । ऐसा करने से यह होगा कि जो कानून बनाया जा रहा है, उस पर ठीक तरीके से अमल होकर । अगर कोई कानून अर्ज है: दफा कन-

सिडर कर के तैयार किया जाय, लेकिन उस पर ठीक तरीके से अमल न हो, तो इंसमेंड हो सकती है । अगर आप की मशीनरी चलत है, तो सब बातें चलत हो जायेंगी । असेसीज की तादाद बहुत बड़ आयगी । पहले ही उनकी तादाद सात घाट लाख थी । अब उस में और इजाफा १००० के लिमिट की बजह से होने वाला है । टैक्स-टैक्स में भी बहुत से लोग आ जायेंगे । मैं सब लोग ऐसे हूँगे जो कि सुप्रीम कोर्ट तक पीछा नहीं छोड़ेंगे । यह वक्त है कि गवर्नमेंट इस रिफार्म को मान ले ।

दुसरी बात यह है कि इनकम-टैक्स आफिसर के सामने आ कर लोग अपना रोना रोते हैं, उसको समझाते हैं कि इतना टैक्स लगाओ । वहाँ तक तो ठीक है । इनकम-टैक्स आफिसर को हमने अब बनाया । हम उस पर ईमान रखते हैं कि जो कुछ वह सोचेगा, उसके मुताबिक वह फ्रंसला कर देगा । लेकिन इनके पास एक बला है इंसपैक्टिंग प्रसिस्टेंट कमिश्नर, जो कि रात को जाता है, असेसी को बुलाता नहीं है, कान में बात कहता है और वगैर असेसी को बुलाये मिसल में रिफार्ड कर देता है । ऐसा अम्बर आप को किसी भी डिपार्टमेंट में नहीं मिलेगा । एक ऐसी चीज रबी हुई है, जो कि अन्दर से ही कंट्रोल करे, जो बाहर शकस नहीं दिखाती । मैं इस भूत से कैसे लड़ूँ ? अगर आप चाहते हैं कि देश में शांति हो, तो आप इस का फ्रंसला कर दें । मैं यह नहीं चाहता कि इंसपैक्टिंग प्रसिस्टेंट कमिश्नर न हों । वे बाज दफा डिपार्टमेंट के सिबे बहुत अच्छा काम कर दते हैं, लेकिन असेसी को तसल्ली नहीं हो सकती है कि उस को वगैर बुलाये रिफार्ड नर निस दिया जाय कि इतना टैक्स लगा दिया जाय । असेसी आगे सुप्रीम कोर्ट तक जाता है लेकिन तो भी इस पीछे की बार के असर को दूर नहीं कर सकता । यह निहायत जरूरी है कि इंसपैक्टिंग प्रसिस्टेंट कमिश्नर को यह अस्तियार न हो कि वगैर असेसी को बुलाये उस के पीछे से उसकी

[पंडित ठाकुर दास भार्गव]

मिस्र पर हुकूम कर दे, वा चुपचाप इनकम-  
 टैक्स आफिसर के कान में फूँक नार दे और  
 पीछे से स्टैंड कर दे ।

उनाभ्यक्ष सहोदय : इन निहायत जरूरी  
 बातों को कहने के बाद क्या माननीय सदस्य  
 अब सत्य कर देंगे ?

पंडित ठाकुर दास भार्गव । मैं चाहूंगा  
 कि जनाब मुझे बोझा और मीका दें । मैंने  
 अभी दो तीन बातें ही अर्ष को हैं । अभी  
 मैंने और कई जरूरी बातें कहनी हैं ।

उनाभ्यक्ष सहोदय : अच्छा, माननीय  
 सदस्य परसों अपनी स्वीच जारी रखेंगे ।

DISCUSSION REGARDING MEDI-  
 CINAL PLANTS ORGANISATION  
 AND UTILISATION OF CRUDE  
 DRUGS

Shri V. P. Nayar (Quilon): Mr.  
 Deputy-Speaker, I want to raise three  
 points:

(a) The lack of proper co-ordi-  
 nation in the activities of the  
 Central Government regarding the  
 utilisation of crude drugs;

(b) The urgency of a compre-  
 hensive scheme for the use of  
 Indian crude drugs to save foreign  
 exchange spent on import of pro-  
 ducts of vegetable origin; and

(c) The urgency of carrying on  
 researches to utilise the Indian  
 medicinal plants.

Fortunately for us, Sir, the debate  
 is to be replied by Dr. Das who has  
 the equipment to understand the  
 points and the problems. Sir, in this  
 connection it is interesting to note  
 what the Pharmaceutical Enquiry  
 Committee had to say in relation to  
 the matter of crude drugs. Here at  
 page 88 of the Committee's Report  
 they say:

"India abounds in medicinal plants

and more than 75 per cent  
 of the drugs of vegetable origina  
 mentioned in the British Pharma-  
 copoeia are available in the  
 country."

Later on they go on to say—

"This (that is, extraction of the  
 active principles) will add to the  
 economic resources of the State  
 and help to meet the needs of the  
 Pharmaceutical Industry."

The other day when I put a ques-  
 tion, I was surprised to find from the  
 answer given by the Commerce and  
 Industry Minister, that this very im-  
 portant product, namely the active  
 principles of crude drugs are not be-  
 ing produced even to a fraction of our  
 requirements. I find also from the  
 answer to Question No. 85, on the 18th  
 July, that the following are the only  
 active principles extracted from crude  
 drugs in India at present. quinine,  
 morphine and codeine, emetine hydro-  
 chloride, ephedrine, reserpine and  
 caffeine, and most of them, except  
 quinine are in very very negligible  
 quantities, although it would be said  
 that in addition a number of pharma-  
 ceutical works in the country produce  
 extracts and tinctures of vegetable  
 drugs I shall come to that a little  
 later

Then, Sir, I do not have any precise  
 information about the foreign ex-  
 change which we spend on the import  
 of these alkaloids, because in the lists,  
 or in the statistics of imports they are  
 not maintained separately There-  
 fore, I am unable to give the House  
 an idea of the exact amount which  
 we have to spend for importing these  
 in the shape of foreign exchange.

All this happens because our country  
 has so far had no integrated plan, no  
 comprehensive scheme, for the deve-  
 lopment of this industry which is of  
 vital significance to the entire phar-  
 maceutical industry We abound in  
 plants of known medicinal value. I  
 do not want to bombard the House  
 with names, but from the Manual re-  
 garding the flora and fauna of Kerala  
 I have found that there are so many