

LOK SABHA

*Friday, August 18, 1972/Sravana 27,
1894 (Saka)*

*The Lok Sabha met at Eleven of the
Clock*

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Arrears of Direct Taxes

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*261. SHRI K. K. CHANDRAPAN :

SHRI ISHWAR CHAUDHRY :

Will the Minister of FINANCE be pleased to state :

(a) what is the total amount of direct taxes arrears as on 30th June, 1972 ;

(b) what steps have been taken by Government to speed up the collection of arrears ;

(c) whether as a result of these steps, there has been any improvement in the realisation of arrears in the last two years ; and if so, to what extent ; and

(d) what further steps Government propose to take to improve the collection of tax arrears ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI K. R. GANESH) : (a) Information regarding the total amount of arrears of direct taxes as on 30th June, 1972 is not readily available. The latest information available is in respect of the direct taxes outstanding as on 31st March, 1972, which is given below :—

(In crores of rupees)

Income-tax (Net arrears).	438.60
Wealth-tax	16.01
Gift-tax	2.59
Estate Duty	13-75

(b) and (c). A statement is laid on the Table of the House.

(d) Wanchoo Committee have made certain recommendations in regard to reduction and collection of tax arrears. These are under consideration.

STATEMENT

1. Introduction of the scheme of functional distribution of work under which one or more I.T.Os in every functional range attend only to the work of collection.

2. Taking over of the recovery work from the State Government and entrusting it to Tax Recovery Officers of the Income-tax Department working under Tax Recovery Commissioners and for that purpose, increase in the strength of Tax Recovery Staff (Officers, Additional Commissioners and Commissioners).

3. Vigorous enforcement policy involving attachment of debts and bank balances and attachment and sale of moveables and immoveables.

4. Expediting of disposal of appeals involving substantial amounts in dispute so that collection of ultimate taxes, determined on appeal, could be enforced.

5. Observance of arrear clearance fortnights in order to concentrate all attention and energy on giving effect to appellate and rectification orders and collection of ultimate tax dues,

6. Facilitating payment of taxes by assesses with the acceptance of crossed cheques at special receipt counters in the Income-tax Offices.

7. Posting of senior officers, such as Additional Commissioners and Tax Recovery Commissioners for supervision and control over recovery of taxes and tax arrears.

8. Supervision of cases with tax arrears over Rs. 1 lakh by Commissioners, over Rs. 5 lakhs by Director (Research, Statistics & Publications) and by the Central Board of Direct Taxes for arrears over Rs. 25 lakhs.

Reductions in gross arrears (by way of adjustment, appeal effects and cash collections) in respect of the various Direct Taxes are as under :—

(In crores of rupees)

Financial Year	Income-tax	Wealth-tax	Gift-tax	Estate Duty
1970-71	328.45	3.37	0.53	1.48
1971-72	303.64	3.33	0.65	2.15

SHRI C. K. CHANRAPPAN : With the available information the Minister has agreed that there are huge arrears of tax to be collected. I would like to know from the Minister what is the share of default from the corporate sector and which are the industrial houses which are involved in keeping big arrears and whether Government have taken any deterrent action against any of those industrial houses which are continuously defaulting in paying taxes. I would also like to know the names of these industrial houses.

SHRI K. R. GANESH : In reply to the first question of the hon. Member I may say that we have, from time to time, replied that these arrears of taxes are a continuing process. Certain demands are raised and certain collections are made in the current year; certain arrears remain from the previous years. But we have also stated that there has been a progressive reduction in the arrears, and this year alone we have collected about Rs. 61 crores.

In reply to his second question, I do not have at present the figure of the corporate sector out of these arrears that are there. But we have, I think, supplied to the House very lengthy statements about arrears of Rs. 5 lakhs, arrears of Rs. 10 lakhs and so on. If the hon. Member wants to know of any specific industrial house, he may put a separate question and I will be able to give the answer.

SHRI C. K. CHANDRAPPAN : What about taking deterrent action ?

SHRI K. R. GANESH : Deterrent action will be taken, whether it is industrial house or anybody.

SHRI C. K. CHANDRAPPAN : In the last part of the statement attached to the answer, certain reductions by way of adjustment, appeal effects and cash collections during the last two financial years are given. While answering the supplementary just now, the Minister stated that the cash collection was Rs. 61 crores this year. The figure given of reduction in 1971-72 in the statement is Rs. 303.64 in respect of income-tax. I would like to know what was the amount written off during this year and during the last two years from the tax arrears.

SHRI K. R. GANESH : As far as the amounts written of is concerned I will have to collect the figures. But, for the benefit of the hon. Members, I wish to say that for writing off an amount, a very elaborate process is there and the demands which become irrecoverable are under the following heads :

- (1) Assesseees have died leaving behind no assets.
- (2) Assessee companies have gone into liquidation.
- (3) Assesseees have become insolvent.
- (4) Assesseees are not traceable.
- (5) Assesseees have left no tangible assets.
- (6) Amount is written off as a result of settlement with the assesseees.
- (7) Demands not found due on account of subsequent information, such as duplicate demands, etc.

It is only on the basis of script scrutiny where no other method is possible, only then demands are raised. There is a high-power committee and it is done by the high-power committee and over a ceiling it comes to the Finance Minister himself.

SHRI DINEN BHATTACHARYYA : The Minister has very cleverly avoided the specific question asked by Mr. Chandrappan regarding arrears of taxes as to what was the amount due from the corporate sector and which are the big industrial houses that are still in arrears.

MR. SPEAKER : He has replied to the latter part of the question.

SHRI DINEN BHATTACHARYYA : But he has not specifically mentioned the names of the big business houses.

MR. SPEAKER : He says that he has already replied to the same question.

SHRI DINEN BHATTACHARYYA : He might have replied some time back, but, to-day in relation to the question specifically asked

MR. SPEAKER : Will you please listen to me ? The same question was asked and he has replied and that reply, whatever it is, is there. If you raise the same question, he will give the same reply again.

SHRI DINEN BHATTACHARYYA : In how many cases are the big business houses in arrears and in how many cases was action taken against the big business houses ?

SHRI K. R. GANESH : I have already said that if you ask, these are Rs. 436 crores arrears and these Rs. 436 crores arrears would mean a couple of thousands of assessees.

SHRI DINEN BHATTACHARYYA : Of the 75 big business houses, how many are in arrears ?

SHRI K. R. GANESH : Probably, the hon. Member does not, with his political knowledge, realise that it is very difficult to get big monopoly houses. Not that we do not have any information....(Interruptions) I have already indicated that we have given figures in this House running into 500-600 assessee names—people who are in arrears of Rs. 5 lakhs, assessee with arrears of Rs. 10 lakhs and assessee with arrears of Rs. 1 lakh.

SHRI JYOTIRMOY BOSU : What about assessee having arrears of Rs. 1 crore and more ?

SHRI K. R. GANESH : If you ask a specific question about the 75 big business houses, I will have no hesitation in giving that answer also.

SHRI K. LAKKAPPA : The hon. Minister has stated that the outstanding arrears of income tax are about Rs. 500 crores. Although we have been imposing more and more taxes, we are leaving these arrears of Rs. 500 crores income tax uncollected. There are certain people who are in the upper brackets of income who know the ways to evade taxes and as a consequence of

that, the income tax arrears have been mounting up. All these people know the technique of playing fraud against the Government. Even sometimes, they seek protection from the courts

SHRI PILOO MODY : Sir, he has forgotten that he is now in the Congress.

SHRI K. LAKKAPPA : He said that certain people have been declared insolvent, certain people have died and certain people have gone away, etc. There are certain people who do these transactions in the names of their wives, some in the names of their relatives ; such *binami* transactions of the properties take place and the ITO does not touch those culprits. They are cheating the Government in this manner. I would like to know how long it will take to accept the Wanchoo Committee's recommendations. How far has Government taken steps to catch such fraudsters and thus end this fraud and cheating of the big business houses forthwith ?

SHRI K. R. GANESH : The Wanchoo Committee was set up for this purpose and for finding out as to how to bring about legislative and administrative measures so that such things could be eliminated. The recommendations of the Wanchoo Committee are under serious consideration and we are trying to expedite these matters.

MR. SPEAKER : If the question is long, the answer need not necessarily be very long.

SHRI K. R. GANESH : We know, there are people who use certain technical means to evade taxes. The Finance Minister made a statement in Rajya Sabha. He said that a special cell is being appointed to go into the depth of this matter and take action in respect of these big houses. Between 1946-47 to 1971-72, Rs. 9694 crores have been collected, constituting 86 per cent of the demands raised. While it is a serious problem, it is not of such magnitude that the Government of India cannot tackle it.

SHRI JYOTIRMOY BOSU : I want to put a specific question.

MR. SPEAKER : I see a big man opposite to me

SHRI PILOO MODY : The reasons due to which taxes are not collected are two. The assessments that are made are made in such a fashion that they are pitched so high that you have to go into long-drawn out arguments and representations with the Government delaying the collection of taxes thereby and the other reason is that these people are taking money from these businessmen and therefore giving them all manner of facilities for not paying taxes...

SHRI K. LAKKAPPA : Even Swatantra party is enabled to evade taxes...

SHRI PILOO MODY : I will add that also if it pleases my hon. friend. Now, first of all, I would like to know whether the Government itself has instituted any procedure whereby assessments can reasonably be made and disposed of quickly so that they could collect crores and crores of rupees worth of taxes. Secondly, I would like to know whether they have plans to stop squeezing money out of these parties, so that they do not have to let off the tax evaders.

AN HON. MEMBER : There are allegations made.

SHRI K. R. GANESH : I can only give a political answer but that will involve him ; it is not certainly connected with this particular question.

SHRI PILOO MODY : He is embarrassed and therefore he cannot answer. The first question is purely technical, and he may give the answer as a technician...

SHRI JYOTIRMOY BOSU rose—

MR. SPEAKER : This question has already taken a long time ; I find I cannot proceed with the list. Shri Hukam Chand Kachwai.

SHRI JYOTIRMOY BOSU : Since the big man had got up, you had asked me to sit down. Now, the small man is getting up and kindly give him a chance.

श्री हुकुम चन्द कच्छवाय : अभी मंत्री महोदय ने उत्तर में बतलाया कि लगभग 600 ऐसे लोग हैं जिन के ऊपर 1 लाख रुपये से अधिक बकाया है। उन में से ऐसे बहुत से मामले हैं जो पांच वर्ष, दस वर्ष या पन्द्रह

वर्ष से विचाराधीन पड़े हुए हैं। क्या आप कोई ऐसी प्रक्रिया अपनाने जा रहे हैं कि जो मामले लम्बे समय से विचाराधीन पड़े हुए हैं वह जल्दी से निपटारे जायें ? क्या आप कोई ऐसा नियम भी बनाने जा रहे हैं कि इतने समय के अन्दर हर मामला निपटारा जायेगा ?

मेरा दूसरा प्रश्न यह है कि क्या जो वसूल करने वाले अधिकारी हैं उन में आपस में मतभेद है ? कुछ लोग डाइरेक्ट लिये जाते हैं और कुछ प्रमोशन से आते हैं। जो प्रमोशन से आते हैं वे अधिक काम करते हैं लेकिन जो सीधे नोकरी में लिये जाते हैं वे कम काम करते हैं। क्या इस कारण भी इस काम में विलम्ब हो रहा है ?

SHRI K. R. GANESH : The first is a very valuable suggestion. The Wanchoo Committee has also gone into it, and the hon. Member's useful suggestion will be taken into consideration. The answer to the second question is 'No'.

श्री हुकुम चन्द कच्छवाय : मेरे दूसरे भाग का उत्तर नहीं आया।

अध्यक्ष महोदय : उन्होंने कह दिया नहीं।

SHRI JYOTIRMOY BOSU : Will the hon. Minister kindly tell us the arrears of taxes outstanding against Shri Biju Patnaik before the merger of Utkal Congress with the Congress ? What is the position today ? I am asking for information on one specific case. Secondly, what is the amount of tax arrears outstanding against Shri R. P. Goenka and his group.

MR. SPEAKER : That is a separate question. The main question is a general question.

SHRI PILOO MODY : And some of their colleagues.

MR. SPEAKER : If the hon. Minister has got the information and he is prepared to give it, I have no objection.

SHRI K. R. GANESH : I shall have to collect the information. I cannot give the specific information asked for at this moment.

SHRI JYOTIRMOY BOSU : Oho, oo!

MR. SPEAKER : Let him not please do like that.

SHRI K. R. GANESH : I cannot give specific information at the moment as far as Shri Biju Patnaik and Shri R. P. Goenka are concerned. But I can assure the hon. Member that all efforts are being made. We are handicapped by various means. As far as Shri Biju Patnaik is concerned, he has got 75 writs in the Calcutta High Court. I have already said, and if you would permit me, I would repeat that certain judicial processes have also to undergo certain change, and that is also the recommendation of the Law Commission, which is under the consideration of Government.

SHRI JYOTIRMOY BOSU : What about Shri R. P. Goenka? The hon. Minister said something about Shri Biju Patnaik, their guarantor for posters.

MR. SPEAKER : It is too general a question to fit into the main question.

SHRI JYOTIRMOY BOSU : I seek your permission to point out that when Shri Dinen Bhattacharyya wanted to know the arrears of 75 large houses his question was described as a very general question. But I have given two specific instances. If the ruling from the Chair is that this cannot also fit into the main question, I do not know what we can do....

MR. SPEAKER : Since the hon. Minister does not have the information offhand, he will supply it to the hon. Member later.

SHRI JYOTIRMOY BOSU : Staying at home is a very nice thing and we can enjoy it also, but we have a duty to perform, and you are our patron-saint sitting in the Chair, and you have to permit us to perform that duty. The hon. Minister may reply to the question in regard to the arrears out standing against Shri R. P. Goenka. If he does not, then we shall say that there are huge amounts outstanding against him and the hon. Minister is just shielding him.

SHRI PRABODH CHANDRA : There are many big houses which evade taxes worth lakhs of rupees by entering

into negotiations or by having compromises with the income-tax authorities, and the parties which are in a position to pay do not pay. Then, there is negotiation and compromise is started and they evade the taxes.

SHRI K. R. GANESH : The Board of Direct Taxes is definitely against compounding of cases. But where there are judicial processes, naturally those judicial processes have to be gone through; then, there are judicial petitions and petitions to the board and they have also to be gone through. But I can assure the hon. Member that it is the policy of the Finance Ministry not to compound cases as far as practicable and to see that all those who could be penalised and prosecuted are prosecuted.

SHRI S. M. BANERJEE : In reply to a supplementary regarding the amounts written off, the hon. Minister read out certain conditions under which they are written off after being investigated by a high-power committee. One of the conditions was that the person concerned had died or his concern had been liquidated. Is he aware of a case which has been reopened in regard to one gentleman by name, Shri Ram Rattan Gupta, and in whose case Rs. 21 lakhs have been written off in Kanpur? He is neither dead nor has his concern undergone liquidation. I want to know what has happened to that.

MR. SPEAKER : It is an individual case.

SHRI S. M. BANERJEE : He wanted individual cases.

MR. SPEAKER : How can it be asked at this time?

SHRI S. M. BANERJEE : I want to know whether it has been reopened.

MR. SPEAKER : He has given a clue to him. That is enough.

SHRI K. R. GANESH : Firstly, it is not very safe to go into Kanpur. I am not giving any assurance, but as far as my present memory goes, this amount of Rs. 25 lakhs concerning Shri Ram Rattan Gupta has not been written off. If I am wrong, I will correct it.

MR. SPEAKER : I said it is a specific case. But if in this case his memory

served him right, why not in the other cases asked by Shri Jyotirmoy Bosu? Why does he put me in a difficult position?

SHRI K. R. GANESH: With your permission, may I give an explanation?

MR. SPEAKER: If his memory has worked in one case, it should work in the other case also.

SHRI K. R. GANESH: The case of Shri Ram Rattan Gupta referred to writing off.

MR. SPEAKER: My only question is, if in this case his memory has worked, why should it not work in the cases referred to by Shri Jyotirmoy Bosu?

SHRI K. R. GANESH: My answer is that the case of Shri Ram Rattan Gupta referred to writing off. It is not a question of arrears; it is not a question of what is due. That was why I replied....

MR. SPEAKER: He did not follow what I said. In regard to a previous question, we have been taking the stand that the main question is too general a question and under it individual or specific questions cannot be asked. You wanted notice in regard to such cases. I held your objection in order and told him that these were two individual cases which cannot be adjusted into this question. Now you have adjusted the case mentioned by Shri Banerjee. So my ruling is absolutely nullified.

SHRI BHAGWAT JHA AZAD: Because he remembers that case; the others he does not remember.

SHRI JYOTIRMOY BOSU: We are very grateful to you, Sir.

SHRI K. R. GANESH: I shall try to explain. I thought there was a distinction between this particular reference concerning write-off of Rs. 25 lakhs with reference to Shri Ram Rattan Gupta and the other cases referred to by Shri Jyotirmoy Bosu. I have this specific information that we are taking all legal steps to collect all the arrears.

In the other question, I was asked what were the arrears to which I have already given a general reply in regard

to arrears due from industrial houses of Rs. 5 lakhs, Rs. 10 lakhs and so on. If he wanted more specific particulars about those persons, I would have given them. That was why I took the liberty of answering this particular question.

MR. SPEAKER: He asked about Shri Biju Patnaik and Shri R. P. Goenka.

SHRI K. R. GANESH: About Shri Goenka, I have replied. If he gives me a specific question, I will answer.

SHRI DINEN BHATTACHARYYA: He has already put a specific question, namely, what is the amount remaining as arrears in respect of R. P. Goenka.

MR. SPEAKER: Order, order. He will give it to you later on. (*Interruption*) Every day, you almost take so much of time on one question. For example, this question has taken 25 minutes. What is the use of other questions then? The Members, at the end, always approach me and say that their turn does not come at all. There can be one, two or three supplementaries but the whole time should not be monopolised by one question. Next question.

Seizure of smuggled Goods

*262. SHRI RANABAHADUR SINGH: Will the Minister of FINANCE be pleased to state:

(a) the places from where contraband goods have been seized in the country during the last six months;

(b) the action taken by Government in this regard; and

(c) the total amount collected by the Customs and Excise Department through sales and disposal of such contraband goods during the last two years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH): (a) In view of the large number of seizures of contraband goods that have been made at different places during the last six months, the information would be very detailed and its collection would take considerable time. However, the bulk of the seizures of contraband goods were