

LOK SABHA DEBATES

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LOK SABHA

Friday, June 4, 1971/Jyaishta 14, 1893 (SAKA)

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Evasion of Taxes

*272. SHRI C. K. CHANDRAPPAN : Will the Minister of FINANCE be pleased to state :

(a) whether Government have estimated the amount of tax being evaded in the country and if so, the amount thereof ;

(b) the number of persons prosecuted or imprisoned for concealment and false declaration of income in the last three years ; and

(c) the steps taken by Government to put a stop to tax evasion ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESHI) : (a) The Government is fully aware of large scale income-tax evasion in the country, but it has not been possible to quantify the extent of this evil. Various Commissions and Committees appointed in the past have examined this question but have been unable to make a definite estimate.

(b) Prosecutions were launched in 85 cases for tax evasion during the financial years 1968-69 to 1970-71. During the same period 21 persons have been convicted.

(c) Several important measures have been taken by the Government to put down the evil of tax evasion. Considerable emphasis was

laid on this subject in the Budget which was presented by the Finance Minister last week. In addition to the administrative measures taken in this direction, the legal provisions are also proposed to be further fortified with a view to make decisive impact on this complex problem. A statement giving a list of the various measures undertaken in this direction during the last few years and those which are contained in the Budget 1971-72, is placed on the Table of the House. [Placed in Library. See No. L.F.—312/71]

SHRI C. K. CHANDRAPPAN : I am very much disappointed in getting such a reply from the hon. Minister. A lengthy statement is also placed here. Unofficially it is estimated that about Rs. 4,000 crores of tax is being evaded in our country. It was also admitted by the Government, and several enquiries had been made in this matter in the past. Shri P. C. Sethi, the then Minister of Finance said sometime back in the same House, that there was a case against the Birlas. I should like to know from the hon. Minister whether any specific action has been taken against the Birlas and also against the monopoly houses which were evading taxes.

SHRI K. R. GANESHI : As I submitted in my main reply, there is large scale tax evasion. Although various estimates are available in the very nature of this evil it is difficult to estimate the extent of this in exact figures. Government does take various measures. For instance the Income-tax Investigation Commission in 1947 detected Rs. 48 crores involving 1058 cases. Under the voluntary disclosure scheme of 1951 a sum of Rs. 70 crores were disclosed. Under the Finance Act of 1965, Rs. 52.18 crores were disclosed. Under the Finance Act II of 1965, Rs. 114 crores were disclosed. The income-tax department itself, in the normal course of assessment between 1964 and 1969, detected concealed income amounting to Rs. 161.67 crores. As far as this particular question is concerned, I shall need notice.

SHRI C. K. CHANDRAPPAN : It is again very disappointing because the dimension of tax evasion is so big and the Government itself had admitted it. The figures of collection he has given shows only paltry amounts collected in comparison to the big amounts evaded. The measures proposed have all proved useless in the past. I want to know whether Government would consider such measures like confiscating property of those big monopoly houses in case it is found that they are evading tax. Secondly why could not Government think of demonetising the currency? These were proposals made by various commissions appointed by the same Government. They do not even publicise in a big way who are the big tax evaders, the big monopoly houses in the country who are looting us and the Government appears to be helpless?

MR. SPEAKER : Did you pick out any question from this?

SHRI K. R. GANESH : As for the various proposals he has made, this House is aware that at the moment the Direct Taxes Enquiry Committee is going into the entire question. The interim report is under the consideration of the Government. The final report is also expected. But tax evasion does not pertain only to the monopoly houses; it is spread over a large area. It is easy to catch monopoly houses because their accounts and other things are there but the evil is so wide spread that it will take all the administrative measures of the Government.

SHRI SUBODH HANSDA : From the statement it appears that the Wanchoo Committee has been appointed by the Government to go into the problem of black money. May we know according to the terms of reference of this committee when it is going to report to the Government?

SHRI K. R. GANESH : The Wanchoo Committee has already submitted its interim report which is under the consideration of the Government. Its final report is also expected.

श्री बी० पी० शौर्य : अध्यक्ष महोदय, टैक्सों से बचने के लिए बड़े बड़े उद्योगपतियों ने बहुत सी कम्पनियाँ अलग अलग नियमानुसार खोल रखी हैं और उन कम्पनियों पर टैक्स

भी अलग से लगता है तो मैं आपके माध्यम से वित्त मंत्री महोदय से जानना चाहता हूँ कि यह टैक्स से न बच पायें और इन तमाम कम्पनियों को एक साथ एक सर्किल में लाने की कोई व्यवस्था की गई है या नहीं?

माननीय मंत्री मेरा प्रश्न समझ गये हैं?

अध्यक्ष महोदय : प्रश्न तो समझ गये हैं लेकिन इस में से वह कैसे पैदा होता है?

श्री बी० पी० शौर्य : इस में से पैदा इस तरह से होता है कि वह टैक्स से बच रहे हैं, टैक्सों की चोरी कर रहे हैं। वेयर इज डाइरेक्ट इवैजन ओफ़ दी टैक्स।

मैं फिर से समझा दूँ जो कि मैंने पूछा था कि बड़े बड़े उद्योगपति इन टैक्सों से बचने के लिए, बहुत सी कम्पनियाँ अलग अलग...

श्री के० आर० गणेश : मैं माननीय सदस्य द्वारा पूछे गये प्रश्न को समझ गया हूँ।

श्री बी० पी० शौर्य : ठीक है तब माननीय मंत्री उस सवाल का जवाब दें।

SHRI K. R. GANESH : This question is about evasion of tax. There is difference between evasion and avoidance. In the statement that has been appended to the reply to the question, a number of measures have been detailed. These measures are designed to take care of contingencies such as the one the hon. Member has in mind.

SHRI S. M. BANERJEE : My hon. friend has asked a question about evasion and the question relates to that. Quite a big amount has been detected and the amount written off is more than Rs. 700 crores. The evasion, according to the rough calculations of many economists, is about Rs. 4,000 crores. I would like to know from the Minister whether one of the reasons for this is non-publication of the names and no penal action against them. What concrete measures have been taken by the Government and why the Government are

not bringing out black money by demonetising hundred rupee notes ?

SHRI K. R. GANESHI : As far as the publication of the names is concerned, the Income-tax Act has been amended and the names of big defaulters have got to be published. Only yesterday in his very able budget speech Shri Indrajit Gupta pointed out that these names have been published in the Calcutta papers. As far as the other question is concerned, it is a policy matter.

SHRI S. M. BANERJEE : Sir, I want your guidance. Otherwise, they will evade any question. Like tax evasion there will be answer evasion. I asked what measures have been taken to bring out the black money. The Minister says that it is a question of policy. We are putting questions to the policy makers.

MR. SPEAKER : I think the Minister's reply is correct.

Next question. Shri H. N. Mukerjee.

SHRI PILOO MODY : Obviously, I have not caught your eyes.

MR. SPEAKER : I have seen him. But he did not catch my eyes.

SHRI PILOO MODY : I did not catch your eyes.***

श्री बी० पी० सौर्य : *** अध्यक्ष महोदय, आप इन शब्दों को निकाल दीजिये। यह बहुत घटिया और गिरे हुए शब्द इस्तेमाल किये गये हैं।

SHRI S. M. BANERJEE : Sir, we appreciate humour but this is not in good taste.*** It is in bad taste.

MR. SPEAKER : I was busy looking into the list. I did not hear what he said.

THE MINISTER OF FINANCE (SHRI YESHWANT RAO CHAVAN) : He said***

MR. SPEAKER : I did not hear him because I was busy looking into the list as I had

passed on to the other question. This remark is not in good taste. Of late he has been very rough in his humour. I do not like it. Sometimes it is very good but not always.

श्री सतपाल कपूर : इसको रिकॉर्ड में हटा दिया जाये।

MR. SPEAKER : It will be expunged. All the time he is making running commentary. I do not like it.

Control on Gold

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

(a) whether Government have any scheme under consideration to control gold with a view to mopping up resources for planned development ;

(b) whether Government propose to impose any restriction so that a family is allowed to retain only 20 tolas of gold and the excess is taken over by Government ; and

(c) if so, the main features of the proposal ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESHI) : (a) and (b). No, Sir. However, there is already a ban on the possession of primary gold except by public religious institutions, licensed dealers, refiners, certified goldsmiths and authorised industrial users of gold.

(c) Does not arise.

SHRI K. LAKKAPPA : The State Minister of Planning, Shri Mohan Dharma, made a statement on the 7th May, 1971 that a family should be allowed to retain only 20 tolas of gold and Government should take over the surplus gold. Is it a fact that he has reflected the views of the Government of India so far as gold control is concerned ; if so, whether Government has any new proposals for gold control and what is the outline ?

SHRI K. R. GANESHI : A similar question

*** Expunged as ordered by the Chair.