

Flour Mills, Private Ltd., and its two directors. This raid has revealed several incriminating documents. There has been some lavish expenditure of unaccounted funds on religious functions. Silver, gold and diamond have also been found out. This particular firm and its partners have been involved in two under-stated purchases of land amounting to 56 grounds. This is with reference to the raid that has been mentioned in the question.

**SHRI DINEN BHATTACHARYYA :** Is it a fact that these unaccounted moneys are in most cases deposited in the lockers of the bank ? Is the Government aware of any search having been done of these lockers ?

**SHRI K. R. GANESH :** Government is aware of it ; in all the searches that have been done, it is done in the lockers also.

#### **Nationalisation of General Insurance**

\*1323. **SHRI S. C. SAMANTA :** Will the Minister of of FINANCE be pleased to state :

(a) the steps being taken to bring about improvement in the working of the General Insurance ; and

(b) the total assets of the General Insurance Companies ?

**THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI SUSHILA ROHATGI) :** (a) With a view to bringing about improvement in the working of the general insurance companies various subjects, such as staff matters, settlement of claims, examination of complaints from public, avenues for increasing new business etc., were discussed when the Finance Minister met the Custodians on the 6th July, 1971.

(b) The total assets of the general insurance companies whose management has been taken over by Government recently amounted to Rs. 213 crores as at 31.12.1969.

**SHRI S. C. SAMANTA :** I should like to know whether in the recent meeting with the controller of insurance, the scientific premium rates structure was discussed and if so how far it will help us.

**SHRIMATI SUSHILA ROHATGI :** All the matters dealing with the insurance in

general were discussed at that particular meeting which was addressed by the Finance Minister and which was largely attended by the custodians all over the country. I hope the hon. Member will realise that it is too early to say how quickly this could be achieved. But this is one of the matters which has been engaging the attention of the custodians.

**SHRI S. C. SAMANTA :** How many insurers have been added during the last three years—how many of them Indian, and how many non-Indian ?

**MR. SPEAKER :** I think it goes beyond the scope of this question. You have asked in original question about improvement and the total assets. You can give separate notice.

**SHRI SHYAMNANDAN MISHRA :** If the Minister is not equipped with all these facts and figures, it is useless to put any question.

**MR. SPEAKER :** He is asking about Indians and non-Indians.

**SHRIMATI SUSHILA ROHATGI :** So far as the number of insurers whose management was taken over, we have that number with us. It is 106—64 Indian and 42 foreign insurers.

**SHRI MALLIKARJUN :** What is the estimated compensation paid for all these insurance companies taken over ?

**SHRIMATI SUSHILA ROHATGI :** It is only the management of the insurance companies which has been taken over so far and for that the contemplated compensation according to the Bill which has been passed by this House is about Rs. 30 lakhs or Rs. 32 lakhs.

**श्री रामाचतार शास्त्री :** जैनरल इन्शोरेंस में काम करने वाले कर्मचारियों के संगठनों या किसी संगठन ने आपके पास जैनरल इन्शोरेंस के काम में किस तरीके से सुधार किया जाय, इसके बारे में कोई सुझाव दिये हैं ? यदि दिये हैं तो वे क्या हैं और उनके बारे में गवर्नमेंट की प्रतिक्रिया क्या है ?

**श्रीमती सुशीला रोहतगी :** जैनरल इन्शोरेंस के कर्मचारियों के द्वारा एक ऐसा मांग पत्र

सरकार के पास आया है जिसमें कई सुझाव उन्होंने सरकार को दिये हैं और उन पर उचित तरह से विचार किया जा रहा है।

**Recommendation of U.N. Panel on Tax Systems in Developing Countries**

\*1324. SHRI M. KATHAMUTHU : Will the Minister of FINANCE be pleased to state :

(a) whether a U. N. panel on tax systems in developing countries has urged tax reforms in these countries ;

(b) if so, what are the suggestions made by the panel in this connection ;

(c) whether Government have examined these suggestions ; and

(d) if so, Government's decisions thereon ?

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN) : (a) and (b). In accordance with General Assembly resolution 2562 (XXIV), the United Nations Secretary-General has prepared a report on 'Taxation, mobilization of resources, and income distribution in developing countries'. This report has been submitted to the United Nations Economic and Social Council at its 51st session which is currently being held at Geneva. The report is based on the study of tax systems of a sample of developing countries. The main conclusions and recommendations of this report are given in the statement laid on the Table of the House.

(c) and (d). The report is under examination.

**Statement**

1. The contribution of tax systems to mobilisation of resources and to a better income distribution depends on the structure of the tax system, the design of individual taxes, and the level of tax effort. During the period under review, tax systems in developing countries have not made any significant contribution to these objectives. However, a well-articulated tax system can play an important role in the mobilisation of resources and in reducing inequalities in the distribution of income. Given the political will

and a concerted and rational tax effort, tax reform planning in developing countries is not an insurmountable task.

2. A concerted and integrated approach to tax reform planning inevitably implies several inter-related dimensions of the problem. These comprise improvements in organisation, development of an information system, efficiency in tax administration, developing appropriate skills and capability, and a continuous appraisal and adaptation of the tax system in terms of its contribution to stated policy objectives.
3. The first essential requirement is to substitute *ad hoc* and sporadic examinations of tax systems by institutionalisation of tax reform planning and by integrating it with the process of development planning. This will help the determination of a feasible tax effort and avoid formation of unrealistic plan targets for which it may be difficult to mobilise resources.
4. The success of continuous tax reform planning will depend on the availability of skilled manpower and on the nature and content of information that is available on the tax system and on its economic effects. Persistent national and international efforts in this respect can be directed towards the development of a feasible system of information to sharpen judgement in policy-making.
5. Improvements in the tax administration can yield considerable dividends even from the existing tax systems. What is required is investment in training at all levels and experimentation with new or proven techniques of tax administration. Training programmes need to be organised at national and subregional levels.
6. The need for experimentation in tax administration is far more urgent and the scope far greater than is normally supposed. The use of presumptive techniques of assessment, the improvement of tax payer relations, the use of self-assessment, the simplification of tax legislation and of the designs of individual taxes, and the continuous revision of valuations used for land and property taxes etc.,