

**SHRI AMAR NATH CHAWLA :** May I know from the hon. Minister as to how many additional Commissioners of income-tax and income-tax officers have been appointed during the last four months ?

**SHRI YESHWANTRAO CHAVAN :** I think five Additional Commissioners for recovery have been appointed. But Government have sanctioned 60 posts of income-tax officers for the same purpose.

**SHRI AMAR NATH CHAWLA :** It was stated in the House on 25th June that arrears of income-tax above Rs. 5 lakhs and Rs. 10 lakhs were due from 1,200 persons. During this period, may I know from how many persons arrears of income-tax have been realised and also the amount which has been realised from those persons from whom more than Rs. 5 lakhs and Rs. 10 lakhs were due ?

**SHRI YESHWANTRAO CHAVAN :** I cannot give the break-up now. (*Interruption*).

**AN HON. MEMBER :** Catch them.

**SHRI YESHWANTRAO CHAVAN :** Catch them ? If the theory is to set a thief to catch a thief, well, I can understand.

I have not got any breakup of the figures of Rs. 5 lakhs or Rs. 10 lakhs. We have a two-pronged attack on these outstanding amounts. The quantum of arrears is increasing because there was decline in recovery of current year's payment. We have to see that current year's payment is also increasingly recovered. That is one thing. The second thing is this. We are trying to make an attack on the net arrears which can be recovered. I have explained this question of arrears many times ; it consists of many components. For example, large amounts are pending because of stays, etc. either before the High Court or the Supreme Court, and that takes sometime. Some of them are pending before the income-tax tribunal which has to go through judicial procedure. One has to wait for it. I hope by the end of this year I shall be in a position to report that we have made some progress.

**SHRI AMAR NATH CHAWLA :** The hon. Minister has stated that it will take some time. It was stated on 24th June that the information collected would be laid on the Table of the House. How much more time will it take for the Minister to place it before the House ?

**SHRI YESHWANTRAO CHAVAN :** If I have given that assurance, certainly I shall try to fulfil it as early as possible.

**SHRI S. M. BANERJEE :** I would like to know whether it has been brought to the notice of the hon. Minister that in Kanpur alone the income-tax arrears amount to Rs. 4.98 crores and for some of the industrialists this non-paid amount is capital ? What concrete steps have been taken in this regard ? In one case where an amount of Rs. 31 lakhs was written off, that case was reopened. What is happening to that case ?

**MR. SPEAKER :** This is a general question but you are asking a specific question.

**SHRI S. M. BANERJEE :** That is why I have asked generally. Mr. Chavan knows it and my hon. sister who is sitting there knows everything.

**SHRI YESHWANTRAO CHAVAN :** I have no official information about it.

**SHRI N. K. SANGHI :** In his reply he says that a sum of Rs. 738.77 crores was due on 31-3-71 and out of this large amounts have been stayed by income-tax tribunal, High Court and Supreme Court. What is the finalised demand which is not pending against any of these organs so that we really know what is the demand from the people of India ?

**SHRI YESHWANTRAO CHAVAN :** The amount which is considered to be the net arrears is due from the people.

#### Nationalisation of Audit Work of Public Limited Companies

\*425. **DR. SARADISH ROY :** Will the Minister of COMPANY AFFAIRS be pleased to state :

(a) whether Government have received

any recommendation from the Maharashtra Government to nationalise the work of auditing of Public Limited Companies ;

(b) if so, the nature thereof ; and

(c) the reaction of Government thereto ?

**THE DEPUTY MINISTER IN THE DEPARTMENT OF COMPANY AFFAIRS (SHRI BEDABRATA BARUA)** (a) and (b). The suggestion received from the Industries Minister of Maharashtra Government is that the appointment of company auditors should be made by the Government.

(c) The suggestion is receiving consideration.

**DR SARADISH ROY** : In view of the fact that the public limited companies appoint their own auditors and the auditors are at their service and do not look after the interest of the share holders and many companies are closing due to financial stringency, will the Government take an urgent decision to appoint independent auditors independent of the management to look after the accounts of public limited companies ?

**SHRI BEDABRATA BARUA** : Yes, Sir; this matter has been considered so as to assure the independence of the auditor in relation to the management of the company and at the suggestion of the Maharashtra Government we are having that matter further considered.

**DR. SARADISH ROY** : In view of the fact that many public limited companies are closing because of financial stringency will the Government take any measures so that they can come to know the actual financial position and take early remedial measures ? Would the Government appoint independent auditors, independent of the management ?

**SHRI BEDABRATA BARUA** : The Government can appoint auditors in certain cases, especially it can get the account of a company specially audited when it is of the opinion that it is not run strictly in accordance with business principles. But

in the parent law there is no provision for auditing the accounts of all companies or of particular companies even when they are not run properly unless it comes within the mischief of section 233 of the Companies Act. This whole matter is under consideration, and we are thinking in terms of amending certain provisions of the Companies Act to facilitate removal of such practices.

**SHRI INDRAJIT GUPTA** : While it has not yet been decided whether to nationalise this auditing or not, I would like to know whether Government is proposing to permit the existing private auditor firms to go in also for cost accounting, so that the misuse and abuse may be increased even further. The same people are allowed to do cost accounting as well.

**SHRI BEDABRATA BARUA** : So for auditing the accounts of the companies is concerned, that is one part. It is no doubt true that the auditors are allowed to render other services also including cost accounting as private practitioners. Of course, Government is not thinking of controlling that part, and even the proposal of the Maharashtra Government is not for the nationalisation of the audit services. It is only a proposal to get the audit of companies done through Government-appointed auditors or through the Comptroller and Auditor-General. No doubt, auditors do certain other types of work as giving special advice on other matters, but the matter has not yet been considered in that light.

**SHRI B.V. NAIK** : May I know whether, in considering the proposal of the Maharashtra Government, the opinion of the Institute of Chartered Accountants, which is a representative body of the auditors in this country, an independent body, has been consulted, and if so, what is their reaction in this matter ?

**SHRI BEDABRATA BARUA** : So far as this new proposal of the Maharashtra Government is concerned, it was a very recent one, and we will certainly take into consideration the opinion of the Institute of Chartered Accountants in this matter. On all proposals that have been before us during the last few months or even earlier,

the Institute has always been consulted. In fact, the Institute had always been consulted in regard to matters which concern the general interests of the Chartered Accountants as well as the interests of the country.

**SHRI RAJA KULKARNI :** Has not the Maharashtra Government pointed out in its proposal that had audit been nationalised earlier, the sickness and subsequent closure of a number of textile mills in the State would have been averted ?

**SHRI BEDABRATA BARUA :** No, Sir. The Maharashtra Government's suggestion is the outcome of their discussions with the Minister of Industrial Development of the Union Government, and they placed these suggestions which include two points. Under the present system, a company is required to appoint its own auditors and this renders difficult the task of checking malpractices. Therefore, it is proposed that the auditors should be appointed by the Government or independent agencies. I do not know if other points were also raised in the discussion.

**SHRI RAJA KULKARNI :** What were the reasons given ?

**SHRI BEDABRATA BARUA :** Reasons might have been given. All these things did not come up before us when the reference was made to us by the Ministry of Industrial Development. Certainly it stands to reason to say that when a company closes down, part of the reason might be the mis-management of the company by the controlling shareholders who are in most cases the people in the management of the company.

**SHRI H. N. MUKERJEE :** In view of the representations which I have seen of Associations of Chartered Accounts and Cost Accountants that certain monopoly houses in the auditors business like Flight, Waterhouse & Peak have almost a monopoly of the accounting and auditing work in respect of these public limited companies, is Government going to give some special consideration to having a measure so that the auditing can be done on a more representative scale and not by these mono-

poly auditing companies who work in a slipshod fashion in the interests of the monopoly capitalists ?

**SHRI BEDABRATA BARUA :** So far as the public limited companies are concerned, there have been reports that big audit firms have a larger share of the audit business of the various big companies. This matter is receiving the consideration and the attention of Government, and a number of changes in the Companies Act are being proposed or are under consideration.

**Uniformity in scales of pay of officers of different refineries in the country**

\*426 **SHRI DINESH CHANDER GOSWAMI :** Will the Minister of PETROLEUM AND CHEMICALS be pleased to state :

(a) whether there is uniformity in the scales of pay of the Officers employed in the various Oil Refineries in the country; and

(b) if not, the reasons therefor ?

**THE DEPUTY MINISTER IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI DALBIR SINGH) :**

(a) There is no uniformity in the scales of pay of the officers employed in the various refineries in the country, but by and large there is uniformity in the scales of pay of the officers in the refineries of I.O.C. viz, Gauhati, Barauni and Koyali.

(b) The Government have fixed the pay scales for the following posts in the public sector refineries appointments to which are made by Government.

1. Chairman, Indian Oil Corporation.
2. Managing Director (Refineries & Pipelines Division) Indian Oil Corporation.
3. Finance Director, Indian Oil Corporation.
4. General managers of Gauhati, Barauni and Koyali Refineries.