

## LOK SABHA

Friday, November 26, 1971/Agrahayana 5,  
1893 (Saka)

*The Lok Sabha met at Eleven  
of the Clock.*

[MR. SPEAKER *in the Chair*]

### ORAL ANSWERS TO QUESTIONS

#### Conference of Income Tax Commissioners

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\*271. SHRI CHINTAMANI PANIGRAHI :  
SHRI B. R. SHUKLA :

Will the Minister of FINANCE be pleased to state :

(a) whether at a Conference of Income-tax Commissioners held in New Delhi in August 1971 some decisions were taken to check tax evasion and to speed up assessments ;

(b) if so, the decision arrived at ; and

(c) by what time these measures will be implemented ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH) : (a) and (b). At the annual Conference of the Commissioners of Income-Tax held in August 1971 various administrative and technical problems were discussed. These included measures for checking tax evasion and speeding up of assessments.

No final decision about the measures for checking of tax evasion was taken at the Conference. At present, the Direct Taxes Enquiry Committee (under the Chairmanship of Shri K. N. Wanchoo, ex-Chief Justice of India) have been deliberating on the various steps suggested to them for combating tax evasion.

The Government will take suitable action on receipt of the report, which is expected shortly.

As regards the speeding up of assessments, the following decisions were taken :

- (1) The new procedure for making assessments without calling for the assesseses or their books of account introduced, with effect from 1-4-71, under the amended provisions of sub-sections (1) and (2) of Section 143 of the Income-tax Act, 1961, would be followed in the bulk of the cases, pending and current.
- (2) Separate counters for receiving returns of Income would be opened for scrutinising whether these are accompanied by copies of accounts and documents necessary for a speedy disposal of the assessments.
- (3) The Income-tax Officers engaged solely in the assessments coming under the new procedure would be expected to dispose of a substantially larger number of assessments than done by them hitherto.
- (c) The measures for speedy disposal of assessments are being implemented.

SHRI CHINTAMANI PANIGRAHI : In view of the present difficult economic situation in the country, the hon. Finance Minister was pleased to direct the Income-tax Commissioners in the conference to show dynamism and leadership in the collection of revenue and also in devising ways and means to see that evasion is stopped. When Government are trying in all possible manner of ways to raise additional resources by fresh levies on the people, may I know whether after the conference was over, according to the direction of the Hon. Minister, whatever targeted amount for collection was fixed for the current year was realised, whether any new and fresh drive was launched, and if so, whether it has shown any result to collect more than Rs. 500 crores of arrears of tax ? Has any progress been made in this

direction so that these arrears may be recovered at least by the end of the current year ?

**SHRI K. R. GANESH :** Sir, the Finance Minister has instructed the Commissioners that apart from speeding up all the current collections, at least about Rs. 60 crores of arrears should also be collected in this year as a drive to meet the financial stringency which we are facing. I agree with the hon. Member that in this context of serious financial stringency, we have to make a sustained effort to see that current dues as well as arrears are collected. The conference of the Commissioners took note of this and took various administrative and technical decisions. In the reply I have indicated that only in so far as the general question of evasion of tax which is now currently engaging the attention of a high-powered committee, and whose report is expected shortly, is concerned, they have not taken any decision ; they are deliberating on that. If the hon. Member wants, I can indicate various technical and administrative decisions which have been taken.

**SHRI CHINTAMANI PANIGRAHI :** My first question was not answered. I will come to the second question, and you do not also allow preambles. What I wanted to know from the hon. Minister is when the hon. Finance Minister has given specific directives that, in view of the financial constraints which the Government have at this moment, arrears including current dues should also be collected by the year end, what is the amount, and whether it is the targeted amount and how much was collected and how much of arrears has been collected. That has not been answered.

**MR. SPEAKER :** He says why not the whole amount, and why this targeted amount of Rs. 60 crores. That is what you mean.

**SHRI K. R. GANESH :** No, Sir. He wants to know the progress of the collection. As I had indicated, it will not be possible for me to say it immediately. If the hon. Member wants, I will find out what has been the progress of collection. But the real figures will be available only at the year-end. The determination and the drive to collect as much of current dues as well as arrears have been indicated. I have also indicated the targeted amount of collection which the Finance Minister had indicated.

**SHRI CHINTAMANI PANIGRAHI :** Sir, you will have to help us. Why I am pressing this so much is because of this. Now, by the various measures being taken, we are asking the people to pay Rs. 70 crores a year, and rightly so. Are we not entitled to know what specific steps have been taken at least to convince the people, in view of the spiralling of arrears and the situation which the Government are facing ? And I wanted to know the amount which should be a sizeable collection, so that the people will also be prepared to pay even Rs. 100 crores more.

Secondly, the hon. Minister has just pointed out that specific measures for preventing tax evasion have been taken, on which they had deliberations previously also on the reports from another committee. They have sent it for suitable action to the Wanchoo Committee. I would like to know from the hon. Minister one thing. All these years the measures to check tax evasion have been gone into by various committees, and the hon. Finance Minister told this House that very soon the measures by which tax evasion could be checked would be placed before the House. I would like to know whether they will lay on the Table of the House the report of the committee to check tax evasion which has been before them, and what specific measures they have again suggested to the Wanchoo Committee for avoiding tax evasion.

**SHRI K. R. GANESH :** This question of tax evasion has been generally under consideration, and various suggestions have been made, and we had placed also before the House from time to time various administrative, legislative and other measures that have been taken to plug the loopholes. It is a long list of various administrative and legislative measures taken from time to time. If he wants, I can place it on the Table of the House. There is no difficulty about that.

The only point is that because the committee is also deliberating, and it has also examined witnesses, and it has the advantage of all the reports that are there, and since their report is coming very shortly, I am only trying to point out that the Commissioners did not come to any specific conclusions which I can place here. But the Commissioners also discussed out of their own experience what are the new administrative and other measures that have got to be taken and initiated.

**SHRI B. R. SHUKLA :** May I know whether there has been any appreciable improvement in the position of tax collection after these measures have been taken ?

**SHRI K. R. GANESH :** Yes, Sir. From time to time, as far as current collections and arrears are concerned, there has been appreciable improvement. (*Interruption*)

**MR. SPEAKER :** Order, order. Shri Ram Gopal Reddy.

**SHRI M. RAM GOPAL REDDY :** There are three aspects of this question : tax evasion, arrears and under-assessment. I want to know from the Government whether there is any under-assessment by the income-tax officers and whether anything has come to the notice of the Government. If so, what steps do the Government propose to take ?

**SHRI K. R. GANESH :** This is a very specific question. There is also under-assessment, there is evasion and there is concealment. All these evils are being tackled.

**SHRI H. M. PATEL :** Will the Government be good enough to say what is the definition of arrears ? What is included in arrears ? Does it mean the amount assessed, and will it include anything that is questioned ? What exactly is the precise definition of income-tax arrears to which he has referred ?

**SHRI K. R. GANESH :** What the hon. Member is referring to—and I have on a previous occasion also grieved with him—is that there is a difference between the gross demand raised and the net arrears. For instance, the gross demand raised is about Rs. 800 crores ; the net collectable arrears that is there is Rs. 500 crores which I have indicated.

**श्री हृकम चन्द कछवाय :** क्या यह सत्य है कि इस सम्मेलन में यह भी सुझाव दिया गया कि कुछ आयकर अधिकारी सीधे पब्लिक सर्विस कमीशन के माध्यम से ले लिए जाते हैं, जिन्हें कोई अनुभव नहीं होता है और जो बीस साल का अच्छा अनुभव रखने वाले अधिकारियों के ऊपर अफसर बना कर बिठा दिये जाते हैं और इस कारण विभाग में असंतोष पैदा होता है और वह काम करने में तथा टैक्स वसूल करने में

असफल रहता है ; यदि हां, तो मंत्री महोदय इस बारे में क्या कार्यवाही करने जा रहे हैं ?

**अध्यक्ष महोदय :** यह सवाल टैक्स इवेजन के बारे में है। आप ने कहां से कहां जोड़ दिया ?

**SHRI K. R. GANESH :** As you have remarked, Sir, this question does not arise. The main question is about evasion, arrears and black money. He is referring to direct recruits which is a larger question.

**SHRI R. S. PANDEY :** It is very true that the Revenue Board and the income-tax officers are very vigilant to collect as much money as possible. But may I know whether it is not true that some of the parties are willing to compound the cases but the cases are not compounded for some reasons ? Are you willing to have the cases compounded so that as much money as possible may be collected as quickly as possible, to give you more money, taking into consideration the emergency ?

**SHRI K. R. GANESH :** It is precisely the compounding of cases that requires a very detailed examination.

**MR. SPEAKER :** This has already taken 15 minutes. Next question.

#### Decline in Profit of the Nationalised Banks

\*272. **SHRI VEKARIA :** Will the Minister of FINANCE be pleased to state :

- (a) whether there has been a decline in the profit of the 14 nationalised banks ;
- (b) how it compares with that of the other scheduled banks ; and
- (c) the reasons for this decline ?

**THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN) :** (a) and (b). No, Sir. There has been no decline in the aggregate net profit of the fourteen nationalised banks, taken as whole, in the year 1970 compared to that of 1969. The aggregate net profit of the banks for the period 19-7-1969 to 31-12-1969, the whole year 1969 and the year 1970 were Rs. 3.25 crores, Rs. 5.98 crores and Rs. 6.90 crores respectively. There has thus