

LOK SABHA DEBATES

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Monday, April 6, 1970 (Chaitra
:5, 1892 (Saka)

The Lok Sabha met at Eleven of the Clock
[MR. DEPUTY SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Outstanding Amount of Income Tax against Cinema owners of Delhi

*811. SHRI JUGAL MONDAL : Will the Minister of FINANCE be pleased to state:

(a) the names of the cinema owners of Delhi against whom arrears of Income-tax are due at present and the steps being taken by Government to realise the arrears;

(b) the time by which the amount of arrears is likely to be recovered in full; and

(c) whether it is a fact that Cinema Houses of Delhi have been evading Income-tax arrears during the last three years and if so, their names and the action taken against each of them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE, (SHRI (P. C. SETHI): (a) to (c). The requisite information is given in the Statement laid on the Table of the House. [Placed in Library. Sec. No. LT-3099/70]

SHRI JUGAL MONDAL : I want to know from the hon. Minister whether it is a fact that sometime back the Government took over the assets and management of Golcha cinema in order to realise the tax due and if so why are they not adopting the same policy in the case of other cinemas whose dues by way of entertainment tax and income-tax are to the tune of Rs. 5 lakhs and secondly, probably the Minister is aware that almost all the cinema house owners are taking extra money or black money to the tune of Rs. 10,000 to 15,000 on every new film either from the distributors or producers and I want to know from the hon. Minister whether he is thinking of any means by which he could compel the cinema owners to show these amounts

in their annual return. This is a huge amount and this practice is prevalent throughout India.

SHRI P. C. SETHI : As far as Golchas are concerned, Government have not taken over their assets. As a matter of fact, they have gone into liquidation in 1968 and our application for recovery of this tax is pending with the official liquidator. (An Hon. Member : Tax amount due?) Rs. 9.40 lakhs. As far as other exhibitors are concerned, the list of cinemas in Delhi is quite long and there are two or three here—Filmistan Exhibitors, New Delhi Theatres, Tyagi Anand Company Ltd., Entertainment tax is a State subject and those figures are not with us. We are concerned only with income-tax and in the first case the amount outstanding is Rs. 6270 and the first appeal had been decided recently and by May, 1970 this amount is likely to be realised. The arrears in the case of Tyagi Anand Ltd. are also likely to be recovered by the end of July, 1970; instalments had been fixed.

SHRI JUGAL MONDAL : What about the practice of accepting Rs. 10,000 to 15,000 on every new film?

SHRI P. C. SETHI : If it is black money naturally it is a matter of enquiry.

SHRI N. K. P. SALVE : The hon. Minister said that in respect of Golchas a sum of Rs. 9.40 lakhs is to be realised. Since the company is under liquidation, the Ministry or the department has made the necessary application to the court. May I know to which assessment years does the demand relate? How did it happen that for such a long time the amount was not recovered? In other words, why was not the amount recovered in time, so that this necessity of going to the court for recovery was necessitated? Thirdly, are there or are there not adequate and sufficient powers for recovery before all this hanky-panky is done by the defaulting assessee?

SHRI P. C. SETHI : As far as the demand is concerned, one is in respect of 1960-61. It is Rs. 1.12 lakhs. This assessment was completed on 21-4-66.

SHRI N. K. P. SALVE: It is impossible. It cannot be completed in 1966. The bar of limitation is there after four years.

SHRI P. C. SETHI: I am giving the facts. As far as Rs. 8.27 lakhs is concerned, this is for the year 1962-63 and the assessment has been completed on 29-3-67. In 1968, they went into liquidation. Therefore, a claim under section 178(2) has been made.

SHRI N. K. P. SALVE: What steps were taken to recover it in time, so that this necessity of going to court could have been averted?

I want to know whether or not there is sufficient power and authority in the law.

SHRI P. C. SETHI: I do not have the details as to what was done, because they have got their head office at Jaipur and we have to get it from there.

SHRI BAL RAJ MADHOK: It is well-known that Delhi cinema-owners are making fabulous profits every year. If there is a small defaulter, this Government will try to fleece out his blood. But in the case of big defaulters, not only they do not charge their income-tax in time but give them the concession of payment in instalments. The minister has given only three distributors' names. Will he please give the list of all cinema-owners, how much income-tax they have paid during the last five years and how many have defaulted and what steps he has taken to recover it?

SHRI P. C. SETHI: The question was about the names of cinema-owners of Delhi. These are the cinema-owners of Delhi whose names I have given in the Statement. Golcha was not mentioned because their head office is at Jaipur I have given the figures outstanding against them. There is one Plaza cinema and Minerva cinema. The owners are Messrs Eagle Theatres Ltd. In their case, an addition of Rs. 13 lakhs has been made recently. This assessment has been completed recently and this demand will fall due after 35 days after the completion of the assessment.

As far as other cinemas are concerned, there are 37 in Delhi. Except the three I have mentioned in the statement and the two others I have just stated, there is no tax payment outstanding against the others.

SHRI BAL RAJ MADHOK: You have given them the concession of payment in instalments. Will you give the same concession to other small defaulters also? Is there any policy in this regard or is it done according to whims and fancies of somebody?

SHRI P. C. SETHI: Government does not grant any instalment concession. It depends on the merits of the case and the income-tax authorities have got the discretion in this matter.

SHRI SHRI CHAND GOYAL: With regard to Filmistan, you have stated that since the first appeal has been decided recently, the recoveries could not be effected earlier. May I know whether a stay order had been obtained which prevented you from making recoveries? With regard to Messrs New Delhi Theatres, you have stated that these demands have become recently due. The demands relate to the years from 1965-66 to 1968-69. May I know what were the hurdles in finalising the assessments with regard to these four or five years, which has resulted in the payments becoming due just recently?

SHRI P. C. SETHI: It depends upon when the assessment is completed. As far as the first case is concerned, they went in appeal and as mentioned in the answer, the appeal has been recently decided and this amount of Rs. 6,270 is likely to be recovered by May, 70.

SHRI SHRI CHAND GOYAL: But the filing of the appeal does not prevent you from recovering unless a stay order is obtained by the party. That is the legal position.

SHRI P. C. SETHI: I do not have the details about that. With regard to New Delhi Theatres Limited, these demands have fallen due recently and this amount is also likely to be recovered by May, 1970.

SHRI S. M. KRISHNA: In view of the enormous profits that these cinema theatres both in Delhi and outside have been making, would the government consider the feasibility of nationalising the theatres in the country because this is one area in which you could not suffer losses.

SHRI P. C. SETHI: This is a suggestion for action.