

SHRI ATAL BIHARI VAJPAYEE : May I know whether that departmental committee will go into the question as to whether certain newspapers are receiving foreign aid or not? Is the Minister not in a position to reply to that?

SHRI RAGHUNATHA REDDY : The limited purpose of the study is to see the pattern of ownership of companies publishing newspapers.

SHRI BEDABRATA BARUA : The Minister's reply appeared to be that it was in connection with the monopolies Act. The whole question is in relation to the Companies Act. May I know whether any special provision in the Companies Act not only in relation to ownership issue but also the type of policy control that is there has been considered by the Government? A research section itself is not sufficient. Is the Government seized of the matter, in spite of the repeated criticisms in Parliament and elsewhere, regarding the control of these chains of newspapers over the entire business of newspapers industry, and has it been under consideration so far as this Ministry is concerned?

SHRI RAGHUNATHA REDDY : As far as the monopoly of the Press is concerned, there have been very wide observations made by Prof. Mahalanobis in his report and also the Monopolies Inquiry Commission report. But the purpose of the present study is to understand the pattern of ownership of companies publishing newspapers and after the results of the study are available, the other questions the hon. Member has raised will be examined.

SHRI S. KUNDU : Sir, one question.
MR. SPEAKER : No please.

MR. SPEAKER : Shri Ramavatar Shastri-absent. Shri Bhogendra Jha-absent. Shri Shankarrao Mane-absent. What happened to them? To-day is the last day of the week.

Shri Sreedharan.

**Payment of Income Tax by
Shri H. D. Mundhra**

*398 **SHRI A. SREEDHARAN :** Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that Income-tax has not been paid by Shri H. D. Mundhra and his wife ;

(b) if so, since when the Income-tax has not been paid by them ;

(c) the amount of Income-tax due ; and

(d) the steps taken or proposed to be taken to recover this amount ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN SHUKLA) : (a) and (b). Shri Haridas Mundhra has so far paid Rs. 1,26,567. for the assessment years 1941-42 to 1965-66 for which the arrears of income-tax are outstanding against him at present. Similarly in the case of his wife she has paid Rs. 16,250 for the assessment years 1962-63 to 1969-70 for which the arrears of income-tax outstanding against her at present. Shri Mundhra has not paid any tax since financial year 1958-59 and his wife has not paid any tax since financial year 1967-68.

(c) The amount of Income-tax due from Shri Haridas Mundhra and his wife as on 31-10-1970 is Rs. 2,30,10 844 and Rs. 45,631/-respectively.

(d) The required information is given in the statement laid on the table of the Sabha.

Statement

The steps taken or proposed to be taken to recover the arrears are given below :

I. SHRI H.D. MUNDHRA :

Movable and immovable assets of the assessee have been attached as per details given below :

1. *Lodna Colliery Co. (1930) Ltd.*

(a) 8000 shares standing in the name of Shri G. D. Bhattar were attached but the claim made by him has been allowed by Tax Recovery Officer. The decision of the Tax Recovery Officer has not been accepted by the Department and it has been decided to file a suit in the Civil Court.

(b) 3900 shares in the name of Shri H. D. Mundhra were attached and put to sale on 3.10.1970. The highest bid offered for these shares was only Rs. 12,600/- which was too low. The Tax Recovery Officer has been requested to fix the minimum price.

2. *M/s. Osmarshahi Mills Ltd.*

7850 shares held in the name of M/s. Commercial Combine Ltd., a Mundhra concern and also a deposit of Rs. 50 lakhs made by this company and the interest thereon have been attached. The case is pending before the Tax Recovery Officer Calcutta and the Collector, Nanded, Maharashtra State,

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| 3. (i) F. C. Oslar
India Ltd. | 69,400 shares |
| (ii) M/s. Brahmaputra
Tea Co. Ltd. | 2,08,300 shares |
| (iii) Richardson Crudas
Ltd. | 56,000 shares |

The above shares have been attached. The Eastern Bank Ltd., Allahabad Bank Ltd. and the Chartered Bank Ltd., have submitted claim petitions before the Tax Recovery Officer, Calcutta and 24 Parganas in respect of these shares. The Tax Recovery Officer has rejected the petition of Eastern Bank Ltd., but has allowed the claim petition of Chartered Bank Ltd., and Allahabad Bank Ltd. The Department has sought the opinion of the Standing Counsel to consider suitable action against the Tax Recovery Officer's order allowing the claim of the 2 banks.

4. *Property at 2, Roy Lane, Calcutta.*

The real owner of the above property is Shri H. D. Mundhra though it stands

in the name of a third party in the books of Calcutta Corporation. This property as well as the rents payable by the tenants of the property have been attached. The property was put to sale on 28.3.1969 when the highest bid given was Rs. 6500/- only as against the reserve price of Rs. 40,000/-.

5. *M/s. Turner Morrison & Co. Ltd.*

(a) Shri H. D. Mundhra instituted a suit in the High Court at Calcutta being Suit No. 600 of 1961 claiming the right of specific performance in respect of option to purchase 51% of the ordinary shares in this company. This suit was decreed in favour of Shri H. D. Mundhra on 14.7.1969 and this was attached by the Certificate Officer 24 Parganas. However, by the recent judgment of the Calcutta High Court this order passed on 14.7.1969 has been set aside. Opinion of the Senior Counsel has been obtained on the point whether the option rights of Shri H. D. Mundhra under decree in Suit No. 600, of 1961 is attachable and whether any alternative action can be taken. The Department will take necessary action as per the advice of the Senior Counsel.

(b) 2005 shares of Turner Morrison and Co. Ltd. forming the remaining 49% of the total shares held by Shri H. D. Mundhra have been attached by the Tax Recovery Officer. But the sale could not be effected because of pendency of suit No. 93 of 1959 before the High Court by Brahmaputra Tea Co. Ltd.

6. Dividend amounting to Rs. 25 lacs accumulating in the hands of Court Receiver appointed in Suit No. 610 of 1958, has been attached by Tax Recovery Officer and efforts are being made to collect the dividend.

7. Tax Recovery Officer Calcutta and 24 Parganas has been requested to attach immediately 100 shares of M/s Keymer, Bagshawe and Co. (1) Pvt. Ltd. and 2500 shares of Automatic Printers Pvt. Ltd. standing in the name of Shri H. D. Mundhra and 1900 shares of Kanpur Textiles Limited held by Shri H. D. Mundhra

in the name of Smt. Helen's Nominees India Pvt. Limited.

II. SMT. JASODA DEVI MUNDHRA :

The arrear demands due from Smt. Jasoda Devi Mundhra are covered by certificates. List of assets has been sent to Tax Recovery Officer, Calcutta and 24 Parganas to attach the shares held by her in Globe Motor Workshops Pvt. Ltd., Delhi and M/s. Angelo Bros., Calcutta and the various Bank Accounts maintained by her. Steps have also been taken to attach the shares held by her in Globe Motor Works Pvt. Limited and the loan due from the said Company. The rent receivable by Smt. Jasoda Devi Mundhra from the property known as 'Srisadan' situated at Narayan Dabholkor Road, Bombay is also being attached.

SHRI A. SREEDHARAN : Sir, India is one of the countries in the world where arrears of income-tax mount like Himalayas and Mount Everest and even according to Government's figures the arrears as on 31st March 1970 are to the tune of Rs. 507.79 crores and the Government has not done anything effective to collect the arrears from Shri Haridas Mundhra as is obvious from a judgment of the Calcutta High Court of last November. In that judgment the High Court has observed that from February 28, 1964 to 1968 nothing was done to collect the arrears from Shri Haridas Mundhra.

Has the Government's attention been drawn to that judgment of the Calcutta High Court and if so, has Government taken any action against those Income-tax Officers who are obviously in the pay of Mr Haridas Mundhra for not collecting income-tax for so long a time ?

SHRI VIDYA CHARAN SHUKLA : This judgment has come to our notice and we have taken various steps as have been mentioned by me in this statement that has been laid on the Table of the House and most of the properties and shares and income accruing from the properties and shares have been attached by the Department and they are being

auctioned and the money is being recovered. In certain cases, because of the cases filed by Mr Haridas Mundhra in courts in Calcutta and outside West Bengal, our proceedings have been held up by stay order or by other orders that he has been able to receive from the courts and that is why the rate of recovery is rather slow. But I can assure the House that we are paying special attention to this particular case and we will see that the speed of recovery is expedited.

SHRI A. SREEDHARAN : The hon. Minister has not replied to my question. One of the highest courts in the country has remarked that nothing has been done to collect the arrears.

My question was : whether the Government has investigated to find out whether this was due to the inefficiency and also because of the connivance of the tax-collecting officers and whether Government has conducted such an inquiry and if so, what action has been taken ?

SHRI VIDYA CHARAN SHUKLA : I will find out whether any such deduction can be made about this particular Income-tax officer and any such construction can be arrived at on the basis of the High Court judgment.

SHRI A. SREEDHARAN : My second question is this. There seems to be huge arrears in the case of Mr. Mundhra and in the case of many others also. I want to know whether the Government feel that the Income-tax Law requires any drastic change for the easy and speedy collection of Income-tax.

SHRI VIDYA CHARAN SHUKLA : The conditions keep on changing. We also keep on changing the law. We make certain changes every year when we bring the Financial Bill which is presented to the House. Recently also, just one week back, we have enacted a law here in this House which has made certain very important changes in the Income-tax law. We do try to make changes in the Income-tax law and the Direct Taxes law wherever necessary. But what we find is this.

Whenever we try to plug some loopholes, new loopholes are found and new ways of tax evasion or tax avoidance are devised and then we have to take action to stop that kind of tax evasion. Therefore, this is a continuous process which we keep on examining and we keep on taking action in that matter. But one thing I would say that no Taxation Law in any country is perfect.

SHRI PRABODH CHANDRA : Is the hon. Minister aware of the fact that many senior Income-tax Officers who had retired from Government service had joined these big business houses and they are the people responsible for taking advantage of the loopholes in the Income-tax law ?

SHRI VIDYA CHARAN SHUKLA : There are Civil Servants' Conduct Rules which prescribe certain conditions and this is also there in the Income-tax officers Service and Conduct Rules. I don't remember the details, but one thing I remember that there is a provision in the Conduct Rules to the effect that if he has served in a particular area for 5 years or 6 years before his retirement, he will not be allowed to set up an independent practice or join any particular business houses with whom he had dealings previously. Always, the previous permission of the Government is to be obtained before he join such jobs. This kind of restriction applies for two years. After two years after his retirement he can join any firm and there is no restriction.

SHRI N.K.P. SALVE : The question of non-recovery of tax is not due so much to the loopholes in the Income-tax Law, of which there is no doubt, but this basically is due to the inefficient administration of the Tax machinery. May I know whether the non-recovery is on account of stay of recovery by the High Court, because High Court rarely stays recovery ? May I know whether assessments will be completed in time because we see, delayed assessments are invariably the cause of delayed recovery ? Thirdly, there is a provision in the Income-tax law that for non-payment of taxation or fraud of

payment of revenue, the person can be put in jail. What action has been taken to put Mr. Mundhra into the jail ? (*Interruption*)

SHRI VIDYA CHARAN SHUKLA : Very few people know the loopholes in the Income-tax law as well as Mr. Salve. I am not going to join issue with him. So far as this matter is concerned, I have already said that we are paying attention to this and whatever deficiencies are found, we are trying to make them up. We are trying to see that these cases are handled quickly so that the tax-recoveries are also done quickly.

SHORT NOTICE QUESTION

12.00 hrs.

Shift in Attitude of Foreign Tourists Visiting India

4. **SHRI S. KUNDU :** Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state :

(a) whether there has been any shift in the attitude of foreign tourists visiting India ;

(b) if so, what is the shift in attitude and expectation of the foreign tourists and what is being done to meet this change ;

(c) the number of foreign tourists who have come to India during the last three years and the countries from which they have come ; and

(d) whether any commercial bias has been given to tourism and, if so, the details thereof ?

THE MINISTER OF TOURISM AND CIVIL AVIATION, (DR. KARAN SINGH) : (a) and (b). Foreign tourists are showing increasing interest in India as a tourist destination. Their main requirements continue to be suitable accommodation and transport facilities, along with a friendly atmosphere. Efforts in this direction are in progress both in the public and private sectors.