

LOK SABHA

Thursday, February 18, 1965 (Magha
29, 1886 (Saka)

The Lok Sabha met at Eleven of the
Clock.

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Unaccounted Money

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Shri Harish Chandra
Mathur:
Shri Prakash Vir Shastri:
Shri Jagdev Singh
Siddhanti:
Shri Naval Prabrakar:
Shri Hukam Chand
Kachhavalaya:
Shri Rameshwar Tantia:
Shri M. L. Dwivedi:
Shri S. C. Samanta:
Shri R. S. Tiwary:
Shri Surendra Paj Singh:
Shri Mohammad Elias:
Shri Yashpal Singh:
Shri Bhagwat Jha Azad:
Shri P. C. Borooah:
Shri J. B. Singh:
Shrimati Renu
Chakravartty:
Shri Prabhat Kar:
Shri Indrajit Gupta:
Shri D. C. Sharma:
Shri S. M. Banerjee:
Shrimati Savitri Nigam:
Shri P. R. Chakraverti:
Shri K. N. Tiwary:
Shri Bishwanath Roy:
Dr. L. M. Singhvi:
Shri Madhu Limaye:
Shri D. N. Tiwary:
Shri Onkar Lal Berwa:
Shri P. H. Bheel:
Shri Jashvant Mehta:
Shri Bade:

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Shri Bibhuti Mishra:
Shri Narendra Singh
Mahida:
Shri Solanki:
Shri Narasimha Reddy:
Shri Hem Barua:
Shri Vishram Prasad:
Shri Sezhiyan:
Dr. P. Srinivasan:
Shri Paramasivan:
Shri D. J. Naik:
Shri Ram Harkh Yadav:
Shri Vishwa Nath Pandey:
Shri C. K. Bhattacharyya:
Shri Daljit Singh:
Shri Kishen Pattinayak:
Shri Ram Sewak Yadav:
Shri Hem Raj:
Shri Kolla Venkaiah:
Shri Gulshan:
Shri Dinen Bhattacharya:
Dr. Ranen Sen:
Shri P. L. Barupal:
Shri Surva Prasad:
Shri P. K. Deo:
Shri Kapur Singh:
Shri P. K. Ghosh:
Shri H. V. Koujalgi:
Shri D. D. Mantri:
Shrimati Maimoona Sultan:
Shrimati Ramdulari Sinha:
Shrimati Renuka Barkataki:
Dr. Ram Manohar Lohia:
Shri R. Barua:
Shri Krishnapal Singh:
Shri Koya:
Shri Warrior:
Shri Daji:
Shri Maheswar Naik:
Shri Vidya Charan Shukla:
Shri Balmiki:
Shri Ramachandra Ulaka:
Shri Chandak:

Will the Minister of Finance be
pleased to state:

(a) the steps being taken to bring
unaccounted money to surface;

(b) the success achieved so far and the unaccounted money seized during 1964 and 1965 so far; and

(c) whether Government have been able to make assessment of such money and its *modus operandi*?

The Deputy Minister in the Ministry of Finance (Shri Rameshwar Sahu): (a) and (b). A statement is laid on the table of the House.

STATEMENT

In my Budget speech last year, I had enumerated some of the steps that Government proposed to take for checking tax evasion, particularly the widespread evil of unaccounted money. The Income-tax Act has since been amended and its provisions, particularly those relating to searches and seizures, made more effective. The provisions relating to penalties have also been made more stringent. These have been supplemented by the issue of the Ordinance recently. I had informed the House that we intended to use the powers of search and seizure in a larger measure to ensure that income or wealth escaping assessment was brought within the tax net. The House would like to know the steps taken so far to check tax evasion and to bring unaccounted money to the surface.

2. A statement showing the number of searches conducted and the amount of cash, jewellery, bullion, share scrips, bonds, promissory notes and fixed deposits recovered has been placed in the Library. [See No. LT-3776/65]. Altogether 343 searches (involving 862 premises) have been made so far. These searches have been carried out at Bombay, Calcutta, Madras, Delhi, Ahmedabad, Kanpur and other important industrial and commercial towns. The results achieved so far have been encouraging. Unaccounted cash, i.e., cash in excess of that shown in cash books or jewellery not disclosed in wealth-tax returns, have been found in large quantities. Even where cash, jewellery, bonds, scrips, etc. have not been found, incriminating documents relating to concealed business transac-

tions or duplicate sets of accounts not produced during the assessment proceedings have been discovered. In these searches, unaccounted-for gold and foreign currency were also found.

3. The documents seized during the raids are under scrutiny and examination and it will take some time to work out the concealed income in these cases. This could only be done after assessment proceedings for the relevant years have been completed. The officers have been instructed to process and complete these assessments as early as possible.

4. One of the common methods of introducing concealed profits in account books adopted in recent years, is one of showing it as a 'Hundi' loan from a professional class which lends its name for the introduction of this money on commission. These Hundi loans are greatly in vogue in Bombay although money-lending is done by these persons outside Bombay also. A very large number of searches were, therefore, conducted recently in Bombay at the premises of these Hundi bankers and brokers. The concealed income introduced as bogus Hundi loans detected so far as a result of these searches is over Rs. 40 crores. Most of it has been admitted.

5. The total value of articles seized and unaccounted money detected during the searches made up to February 7, 1965, is as below:—

(i) Unaccounted cash	Rs. 1.18 crores
(ii) Unaccounted jewellery and bullion	Rs. 0.84 crores
(iii) Unaccounted share scrips, promotes and hundies	Rs. 2.79 crores
(iv) Hundi loans during recent searches in Bombay not included above	Rs. 40.00 crores

TOTAL Rs: 44.81 crores

(c) It is not possible to make at this stage any precise estimate about the extent of unaccounted money.

Shri Harish Chandra Mathur: Without minimising the importance of the efforts made by the Finance Minister, may I request him to clarify what the

Government's approach is and the line of action, in the light of the fact that even if we take the unaccounted money at a thousand crores as against the Rs. 2,000 crores to Rs. 3,000 crores as stated by others, and, as I learn from the statement, not one single person in political authority or in charge of posts of any administrative importance has even been touched, though they are supposed to have amassed a considerable amount of wealth, and therefore, may I know what his approach is and how he is going to touch even the fringe of the problem?

The Minister of Finance (Shri T. T. Krishnamachari): The department approaches this matter from the point of view of the information they receive, and as the hon. Member knows, we made a beginning only recently. I would also like to say that it is a matter of some gratification that these enormous number of searches that have taken place have drawn blank only in two places. That is what I am assured. One has to go very carefully about this matter. They cannot merely go and search people or even get hold of their accounts on suspicion. I am grateful that the hon. Member has appreciated the work of the department so far as it has been done. I therefore beg of hon. Members to bear with them patiently. It is not a matter in which we can really get a stride of the problem in a very short time. I think it will take a long time. But I am not in a position even to hazard a guess as to what will be the extent of unaccounted money because I think it is in various forms: not only in cash but in commodities and in other things as well. We have made a beginning and if the hon. Members approve of the beginning that has been made—and with the support of the hon. Members—I think the department will certainly go ahead. Perhaps this time next year we will be able to give a better showing.

Shri Harish Chandra Mathur: I would like the Finance Minister to reply to that part of my question: the

question was why nobody in political authority or in charge of high administrative offices who have amassed wealth has been touched. Is he waiting for some time, or are there such persons in his view also? What are his difficulties about that? That part of my question has not been touched at all.

Mr. Speaker: I took him to say that the department proceeded on specific information and not merely on suspicion or on suspicion.

Shri Harish Chandra Mathur: May I take it from the Minister that he has such persons in view and he has no information about them? Do I take it like that?

Mr. Speaker: If the hon. Member has some information, he might pass that on to the Finance Minister.

Shri Harish Chandra Mathur: Will you permit the hon. Finance Minister to reply to that point, Sir?

Shri T. T. Krishnamachari: I said we are trying to cast our net wide but we cannot do so without having some information. I think the department is working at it. I might also inform the hon. Member that maybe in their activities, say, in February and March, they have to be a little slower because the collections are not coming in. I am rather worried about it. I have got to show the income in the current year. That has been a double task. I can assure the hon. Member that the department is fully seized of the problem and any suggestion made by the hon. Member here will be very carefully noted and the department will give it their closest attention.

Shri Harish Chandra Mathur: May I know whether the Minister has considered the suggestion for demonetising 100 and 10 rupee notes, because that will at least make all the money dead in the cupboards of those people, particularly the corrupt people and those who have amassed wealth in a dishonest way?

Mr. Speaker: The supplementary should be very brief and straight. One supplementary and its answer have taken 5 minutes. There are 73 members.

Shri Harish Chandra Mathur: This is a very important question. My straight question is, has he considered the suggestion of demonetising 100 and 10 rupee notes and if there are any difficulties, how he feels that they are insuperable?

Shri T. T. Krishnamachari: This has been before the Government for a long time. There are very many aspects of it which make it difficult for Government to act on the lines indicated.

Shri Harish Chandra Mathur: What are those difficulties?

Mr. Speaker: All of them cannot be stated now.

Shri Surendra Pal Singh: Has the Government tried to analyse as to what are the real reasons which have led to the accumulation of black money in the country during the last decade or so?

Shri T. T. Krishnamachari: It is a continuous process. We are trying to find out why there is black money all the time.

Shri Daji: Is there any truth in the rumour that having failed to unearth black money, Government are now thinking of some allurements of giving pardon to those who unearth their own black money?

Shri T. T. Krishnamachari: Rumours are extremely dangerous things to rely on.

श्री प्रकाशवीर शास्त्री : दूसरे देशों में भी जहाँ इस प्रकार का छिपा हुआ धन था उसको सामने लाने के लिए या काम में लगाने के लिए सरकारों ने कुछ इस प्रकार की व्यवस्थाएँ की हैं कि जो इस तरह का

छिपा हुआ धन इन इन कामों में लगायेगे उनको सरकार कर आदि से मुक्त कर देगी क्या इस प्रकार के सुझाव यहाँ भी सरकार के सामने आये हैं और यदि आये हैं तो सरकार की उन पर क्या प्रतिक्रिया है ? क्या उन के बारे में भी सरकार कुछ निर्णय लेने जा रही है ?

Mr. Speaker: What measures have been taken in other countries in similar circumstances to unearth unaccounted money and is Government prepared to take any of those steps taken by other countries?

Shri T. T. Krishnamachari: I do not say that we are in any sense perfect and that my knowledge is very extensive. People who are working on this problem are studying what is being done in other countries.

Shri Kapur Singh: Is it true that the services of foreign sleuths have been hired recently by Government to track down illicit wealth and if so, what are the details thereof?

Mr. Speaker: He is asking about services of sleuths, those that are cunningly expert in these things.

Shri T. T. Krishnamachari: I do not think we have engaged any foreign sleuths yet. But so far as any foreign exchange offence is concerned, I think the police who are in charge of it do exchange information.

श्री भागवत झा आजाद : विवरण में दिए हुए छापों की संख्या और उन से प्राप्त धन की नगण्यता को देखते हुए क्या मैं पूछ सकता हूँ कि क्या सरकार छिपे हुए धन का पता लगाने में इस कारण से असमर्थ रही है या उसके अधिकारी जो छापे मार रहे हैं वे चुन चुन कर मार रहे हैं, इस कारण से असमर्थ रही है ? इन दोनों में से कौन सी बात सच है ?

योजना मंत्री (श्री ब० रा० भगत) : जैसा कि अभी वित्त मंत्री जी ने बताया

है यह वाम कर्भ, थोड़े ही दिन हुए शुरू हुआ है और इसके जोर पवड़ने में जगत् सम सरेगा।

श्री राष्ट्रक दाय्य : सारे देश में छिपे हुए धन वा, काले धन का पता लगाने के लिए बड़े दड़े लोगों को यहाँ एक साथ चक्कि छपे नहीं मारे गये, इस वाःण में पर्याप्त सफलता नहीं मिली, क्या यह सच है ? ऐसा क्या किया गया था और यदि नहीं किया गया था तो क्यों नहीं किया गया था ?

श्री ब० रा० भगत : जैसा अभी बताया गया है कि छापे तो वही मारे जायेंगे या मारे गये ह जहाँ से निश्चित सूचना मिली या मिली थी। एकाएक सब जगह छापे मारना तो कोई उचित नहीं है।

श्री अख्यल महोदय : उन्होंने तो एक प्रोपोजिशन रखा है कि एक साथ नहीं मारे गये इसलिए सफलता नहीं हुई है, क्या यह वुस्त है ?

श्री ब० रा० भगत : यह अनुमान लगाने की बात है।

श्री विभूति मिश्र : मैं जानना चाहता हूँ कि क्या छिपा धन रखने वालों ने भी सरकार से इस बारे में कुछ धार्जु मिश्रत की है कि उन से उन के छिपाये धन का कुछ हिस्सा ले लिया जाये ताकि इस मामले का फैसला हो जाये न कि सारे देश में इस तरह से खलबली मचाई जाये।

श्री ब० रा० भगत : ऐसे कुछ लोग धाये हैं जिन्होंने अपनी छिपी हुई धनराशि की सूचना दी है।

Shri A. P. Jain: May I know whether the Government have any other scheme or device besides the usual raids in order to unearth the black-money?

Mr. Speaker: Why should they tell the hon. Member (Interruption).

श्री जगबेध सिंह सिद्धाःती: क्या सरकार के ध्यान में कोई ऐसी घटना आई है जिस से यह पता चलता हो कि छापे मारने वाले व.संचारियों ने जिरा के पास से छिपा धन मिल सके, उस को पहले से सूचना दे दी हो ?

श्री ब० रा० भगत : ऐसी कोई शिकायत नहीं है।

Shri S. M. Banerjee: I would like to know whether it is a fact that the government officers who have been given this job of investigating into the black money are physically afraid to investigate into the cases of ex-Chief Ministers and Ministers and, if so, what protection has been given to them to assure them that there will not be any victimisation because of this investigation?

Shri T. T. Krishnamachari: So long as the officers who are doing this work have got the confidence of the Government and the confidence of this House I do not think they will be afraid of any such thing.

श्री हुकम चन्द कल्लवाब : मैं जानना चाहता हूँ कि क्या यह सही है कि जो छापे मारे गये वे ऐसे लोगों के घर पर मारे गये जो दूध या दही बेचने वाले हैं, छोटे लोग हैं, जिस में कि बड़े स्थानों से लोग उम धन को गायब कर दें।

श्री ब० रा० भगत : जी नहीं, यह बात सही नहीं है।

श्री म० लाल द्विवेदी : जैसा वित्त मंत्री महोदय ने बतलाया, किसी सूचना के आधार पर यह छापे मारे जाते हैं। मैं जानना चाहता हूँ कि सिनेमा में काम करने वालों के यहाँ जब छापे मारे गये थे तब क्या उस के संबंध में सूचना मिली थी और उन को बन्द क्यों कर दिया गया ?

श्री ब० रा० भगत : बन्द तो नहीं किये गये । सूचना मिली थी तभी तो ऐसा किया गया ।

Shrimati Savitri Nigam: May I know how many of those people from whom this money has been recovered have been tried in the courts and how many have been punished?

Shri B. R. Bhagat: There has been no prosecution yet.

Shri P. C. Borooah: May I know what is the value of currency in circulation in the country and what is the estimated amount of hidden wealth?

Shri T. T. Krishnamachari: The value of currency in circulation is about Rs. 2500 crores and odd. I cannot tell you what is the amount of hidden wealth. I will get it.

Shri C. K. Bhattacharyya: May I know whether Government has received any offer from persons holding unaccounted money that they are prepared to disclose it provided they are not required to disclose the source from which they got it?

Shri T. T. Krishnamachari: The hon. Member knows that we had passed an Ordinance for which we are seeking ratification by the House in the form of a Bill where it is provided that if any voluntary disclosure is made there will be no penalty or that the Government might waive the penalty. I believe there have been a few cases in which the department has been approached. I cannot give any information at the moment. In fact, one of the reasons why this measure is taken is that in the case of these voluntary disclosures and also help from the parties we will not disclose their names; otherwise, once the penalty is levied the names will have to be disclosed. That is the main reason why the protection has been sought to be given.

Dr. L. M. Singhvi: The President's Address of yesterday contained

a reference to the Government's policy to encourage voluntary disclosure of unaccounted money. May I know in what way Government propose to give effect to this policy?

Shri T. T. Krishnamachari: We would like to hear the hon. Member's suggestion when we discuss the President's Address on the floor of this House.

श्री बल्लपाल सिंह : जिन जिन पूंजीपतियों ने खुले ग्राम प्रेस में यह स्टेटमेंट दिया है कि यह कैपिटलिस्टों का अपमान किया जा रहा है, उन पूंजीपतियों के खिलाफ सरकार ने क्या ऐक्शन लिया है ।

अध्यक्ष महोदय : अपमान करने की बात कहने पर ही क्या ऐक्शन ले लिया जाये ।

श्री शंकार लाल बेरवा : मैं जानना चाहता हूँ कि जितनी पूंजी पकड़ी गई है उस में विदेशी मुद्रा कितनी हाथ लगी ।

श्री ब० रा० भगत : इस का सम्बन्ध विदेशी मुद्रा से नहीं है ।

श्री मा० सा० वर्मा : मैं जानना चाहता हूँ कि गड़े हुए धन के बारे में जो सौदा चल रहा है कि वित्त मंत्री जी कहते हैं कि 60 परसेन्ट हम ले लें और 40 परसेन्ट तुम ले लो और दूसरे लोग 50 परसेन्ट पर सौदा करना चाहते हैं ।

अध्यक्ष महोदय : वित्त मंत्री जी ने कहा कि ऐसी बातों पर एतबार न किया जाये ।

श्री रघुनाथ सिंह : मैं जानना चाहता हूँ कि डिस्क्लोजर्स के सम्बन्ध में सरकार की कोई यूनिफार्म पालिसी है या नहीं जो सारे देश में चालू की जाये, या वह है कि जो जैसे चाहे कर दे ।

श्री ब० रा० भगत : सरकार इस संबंध में माननीय सदस्यों की राय लेगी और तब इस पर विचार करेगी ।