

The motion was adopted

Clauses 2,3 and Schedule were added to the Bill

MR. CHAIRMAN : The question is.

"That Clause 1, the enacting formula and the Long Title stand part of the Bill."

The motion was adopted

Clauses 1, the Enacting Formula and the Long Title were added to the Bill

SHRI SHANTARAM POTDUKHE: Sir, I beg to move :

"That the Bill be passed".

MR. CHAIRMAN : Motion moved:

"That the Bill be passed".

SHRI SAIFUDDIN CHOUDHURY (Katwa) : Now at this fag-end, I have only one question to put before the Minister, that is about the HMT employees. After we raised the point, they have been readjusted to many other areas. But from the complaint they have made before us, it seems that they are being demoted. The equivalent post is not given to them. So, they are in disgrace. They are coming everytime. Please consider their case. The Finance Minister and the Industry Minister are there. Kindly look into their problem sympathetically.

SHRI SHANTARAM POTDUKHE: I will look into it.

MR. CHAIRMAN: The equation is:

"That the Bill be passed."

23.53 hrs

VOLUNTARY DEPOSITSS (IMMUNITIES
AND EXEMPTIONS) BILL*

[English]

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Sir, I beg to move:

"That the Bill to provide for certain immunities to persons making voluntary deposits with the National Housing Bank and for certain exemptions from direct taxes in relation to such deposits and for matters connected there with or incidental thereto, be taken into consideration."

MR. CHAIRMAN: Motion moved:

"That the Bill to provide for certain immunities to persons making voluntary deposits with the National Housing Bank and for certain exemptions from direct taxes in relation to such deposits and for matters connected therewith or incidental thereto, be taken into consideration."

There are certain notices of amendments to the Motion for Consideration by some of the Hon. Members. Now, Shri Dau Dayal Joshi.

[Translation]

SHRI DAU DAYAL JOSHI (Kota): Mr. Chairman, I beg to move:

"That the bill be circulated for the pumpose of eliciting opinion there on till 25th February, 1992".(2)

[English]

SHRI SRIKANTA JENA(Cuattack): Sir, we can pass it on Monday. There is no problem. Why is the Finance Minister very keen for this?(Interruptions) Let us not pass this black Bill at midnight.

(Interruptions)

[Translation]

SHRI BHAGWAN SHANKAR RAWAT (Agra): Mr. Chairman, Sir, I beg to move:

"that the bill be circulated for the purpose of eliciting opinion thereon by 30th December, 1991."(3)

SHRI GIRIDHARILAL BHARGAVA (Jaipur): Mr. Chairman, Sir, i beg to move:

"That the bill be circulated for the purpose of eliciting opinion thereon by 12th December, 1991."(4)

23.57 hrs

[MR. SPEAKER *In The Chair*]

SHRI BHAGWAN SHANKAR RAWAT: Sir, in order to make the voluntary deposits scheme a success, this Bill has been brought forward to unearth black money which is a stigma on our economy and is shattering it. The hon. Minister has come forward with his proposal to convert black money into white money so that it may be put to use for nation's development. I have no objection to it but what I object to is the generation of black money. Unless the tax structure is streamlined and simplified the generation of black money will go on unchecked.

On many an occasion such voluntary deposits schemes have been introduced for unearthing black money. But it hurts the feelings of those who do not believe in black money and are law-abiding. Such move is also painful to the persons who face harassment at the hands of income tax officials and other tax officials. The officials who encour-

age the generation of black money in connivance with tax evade are also responsible for its generation. I would like the Chelliah Committee to consider all the points relating to tax structure and the functioning of various tax departments. Sales tax is quite an intricate and complex issue, and the shopkeepers evading sales tax do not even pay income tax, for fear of being caught despite large earnings. Persons evading excise-duty also do not pay income tax, even though they want to pay it but they don't do so for fear of being caught. After evading excise-duty he cannot pay income tax also. Therefore I submit that we will have to formulate such financial police as may discourage generation of black money. This will be done only when our entire tax-structure would be scientific and there is no scope of tax evasion. If tax structure is simplified then there will be no scope for tax evasion. For rationalising tax structure high rates of taxation should not be considered as remedial step. The race, the competition for high rates of income tax and other related taxes, will have to be slowed down. Once tax structure is rationalised and tax rates reduced, then definitely people will pay taxes and tax evasion will stop. Though sales tax is a state subject but in order to check generation of black money and inter-state smuggling of goods I would like the Ministry of Finance to take initiative and call a meeting of the Chief Minister and State Finance Ministers for restructuring sales tax so that there is uniformity in rates of sales tax in all the states.

Since the sales tax rates in Uttar Pradesh in comparison to the sales tax rates in Delhi are higher, the evasion of sales tax takes place. So, in order to check generation of black money the Central Government should assume leadership on the issue of rationalising tax structures as sales tax is also important in tax structure. An alternative arrangement for abolishing sales tax may be thought out in consultation with the States. I will go to an extent to submit that if need be, the constitution may be amended may abolishing sales tax but the dabbling with country's economy should be stopped.

Sh. Bhagwan Shanker Rawat]

24.00 hrs.

In the end I would like to submit that the rate of 40 per cent is quite reasonable. Sir, through you, I would like to submit that the utilisation of unearthed black money in constructing houses for the poor in the country is welcome but the hon. Minister of Finance has made a bit haste in the matter. I do not want to repeat all that I stated earlier. Yesterday I went through news reports about hawala which might have come to the notice the hon. Minister of Finance. Through hawala agency money is being got converted into foreign exchange on payment of 20 per cent amount. The Foreign Remittances Bill is likely to be passed and the people of India and the Government of India think it fortunate that the foreign exchange is flowing in into the country. Then why would one pay 40 per cent there. I know that some poor and middle class persons, who might have indulged in petty evasions, would be able to get their money converted but by bringing forward this Foreign Remittances Bill we have lost that opportunity. All the big tax evaders are getting their black money converted in foreign countries. Therefore, through you, I would like to submit to the Finance Minister to reduce this 40 per cent to 20 per cent or 25 percent or at least 30 percent which has become a very competitive market. My apprehension is that if the rate is not reduced, then scheme will be a failure, otherwise it will yield good results and black money can be unearthed. My submission is that the present provision has resulted in multiplicity of provisions. As per broad estimates of economists black money constitutes 50 per cent of our economy. But I would like to lay stress once again that if the black money is to be utilised for national development, the sources of generation of black money will have to be plugged completely. These patch work measures will not do and discourage law abiding persons and encourage corrupt law violating individuals. They will think that the Government of India comes up with such schemes for converting

black money into white money after every 4 or 5 years to overcome financial crisis. Therefore to find a permanent solution to this problem, there is a need to strike at the root of generation of black money.

With these words I oppose the Bill. Voluntary Deposit and conversion of black money into with money are welcome, but the lacuna of the Bill is that it does not have any provision for plugging generating source of black money. With these words I conclude my speech.

SHRI VILAS MUTTEMWAR (Chimur): Mr. Speaker, Sir, now it is 12.00 O' Clock and the night is getting darker. At present we are discussing black money and measures to curb it. The hon. Minister has taken a step to curb black money and for that purpose made a provision for the disclosure of black money. I think the present step is in fulfillment of the promise made by the Hon. Minister of Finance in his budget speech to check black money.

Sir, my colleague has to made a mention of the Chelliah Committee just now and told that as per the last report of the Committee the magnitude of black money is of the order of nearly Rs. 36,000 crore but as per the latest report the figure has reached to Rs. 80,000 crore. In this way a parallel economy is playing havoc in the country. All of us must express our concern and arrive at a consensus and take stringent steps to curb black money.

Recently new economic policy, new industrial policy and new trade policy were announced. Through these policies licensing and quota systems were sought to be discontinued. These policies were widely and vehemently welcomed and it was expressed that discontinuation of licensing and quota systems would curb black money. I would like to submit that it is the responsibility of all of us to take into account the black money that is already in existence. I would like to submit, with regard to the scheme of national development and housing in which 40 per cent money will be invested, that the

status of the society is going down day by day and we have some responsibility towards that. Tax policy and taxation rates are so high that people are evading taxes resulting in generation of black money in the country. To curb black money it is desired that a correct policy may be formulated in this regard enabling people to pay taxes straight away as well as to curb black money.

Secondly, through National Housing Development Bank, houses will be constructed for poor people living in slums. Sir, would like to submit that there should be complete utilisation of the available resources in the country and our future plans should be implemented strictly and the money utilised in productive activities in the days to come. Money should be utilised in slum areas to provide houses to the poor people. If we have to achieve the foodgrain target of 24 crore tonnes by the year 2000, we will have to pay attention to irrigation. Whenever we have discussed irrigation issue, we have found that every State is finding itself unable to complete its irrigation schemes and if black money is utilised for that purpose it would be a productive work.

After the second world war when the economy of France was completely ruined, the Government of that country adopted a policy under which black money was allowed to be invested in setting up new industries in backward slum and undeveloped areas. The Government declared that those who set up industries in such areas would not be questioned about the sources of their investment. The concessions provided in our country are similar to those provided there. People in that country were given liberty to set up any industry they wanted and were assured of tax exemption in future and of provision of all kinds of facilities. Similar experiment in our country too may prove beneficial. According to last Industrial Policy. The subsidy and other concessions being provided earlier to set up industries in backward areas were cut down. Had the Government taken measures similar to those taken by the Government of France at that time the industrial policy

would have borne good results. Still there is time, and I would suggest the Government to encourage people to invest their 100% black money in setting up industries for industrial growth in remote areas without any fear of being questioned about the sources of investment. In this manner black money can be utilised. I hope that the hon. Finance Minister would certainly experiment and bring forward such proposals next time. If the scope of utilization of black money is extended to the scheme of National Housing Development Bank and for augmenting irrigation facilities; it would be good step with these words I support it.

SHRI BHOGENDRA JHA (Madhu bani);

Mr. Speaker, Sir, I do know that as per Gregorian journal it is morning and as per Indian journal it is night.....(*Interruptions*). The Government of India has taken the Parliament with them to beg for black money from the black marketers. We have failed to check the generation of black money and also to detect and apprehend the black marketers. Those who have black money are being accused of having committed theft and therefore 60% of their black money will be legalised and 40% have will have to forego. It is a sort of insult to Government power. The helplessness of the present Government has been proved and they have openly come out to seek parliament approval for it. It pinches us very much. We talk of law and order in the country and a number officials have been appointed for this purpose. It would be a matter of disgrace to us if we pass this bill and also if we do not do it. Black money is continuously swelling and it has taken the shape of parallel economy hence more generation of black money. Some of an hon. Members were pleading for tax exemption. Generation of black money will not stop even if a single penny is not charged as tax. Instead of investing money in productive works he invests in gold and becomes richer even if he produces nothing. Inflation has been increasing continuously. The prices of gold and silver are rising high. Without producing anything the investor becomes richer.

[Sh. Bhogendra Jha]

Public money may go waste but they would certainly get his profit. Under this financial policy the investment in profiteering, black money, smuggling fetch more profit than investing money in any productive work. Because if they invest their money in productive work they would not get an opportunity to purchase lands or gold to become richer. Investment in productive work can neutralise the effects of black money. Mere tax exemption will not do. If labourers are associated in increasing production, I feel all the money would be utilised on labourers and the labourers would not be retrenched. Otherwise that black money would generate more black money. The hon. Finance Minister has said that if money is invested in productive work the investor will become prosperous but only after facing a bit difficulty. My submission is to invest this money in production and remove the disparity in production of different areas and increase the production of such commodities which are in scarcity and have to be imported from other countries. Investment of this money in productive works in such areas will be more profitable otherwise the money thus concealed will be misused. In this way money will not be concealed. In the same context discussion was held earlier. Can the Government think to compel people to deposit of one hundred rupee and five hundred rupees currency notes and these notes will cease to be legal tender after lapse of particular time. Keeping in view the present inflation the people can be compelled to deposit only five hundred rupee notes. Those who have white money will not find it difficult to do so; they will deposit and that will be taken into account. Has the Government any guts to do so? If not, that means Government favours generation of black money. We already had an experience. This time in the elections crores of rupees were spent in my constituency to defeat a candidate. I do not have the details. Does the Government want the black money to continue in the form of five hundred rupees currency notes and some leaders may have that black money. If the

Government want the black money to go, a time limit should be fixed to deposit the five hundred rupee currency notes thereafter these notes should cease to be legal tender. The people will devise ways to escape this thing. They will distribute these notes among many people. If they do so some money will have to be distributed. That cannot be done free of cost, after all they will have to pay something for this. The Government should make the production more profitable. Some punishment should also be prescribed. Mr. Speaker, Sir it has been said in regard to Parasuram ji-

"Agrata Chatur Veda Prishthta
Sasharo Dhanu,
Idam Shastram, Idam Shaastram,
Shaapdeep Sharadapi

It means that Parasuram ji had mastered Vedas and perfected himself in arms i.e. for him both had equal importance. According to him if the people are asked to do a particular thing and if they do not do that convince them and if they still day, use arms against them.

MR. SPEAKER: Right.

SHRI BHOGENDRA JHA: Is the government ready to do something against them or not? Has the Government any hold on the black money holders? Has the black money holders any care for the Government power in India? Though the Government have fixed the Time limit for this concession upto December 31 but the clue left enlivens the possibility of the time limit being extended. A number of former Finance Ministers, Morarji was one of them, advanced these concessions but the result was only despair. Because the black money holders are of the view that government of India, its main factor politics and main newspapers are their slaves and they cannot take any action against them. Therefore, they are indulging in their activities boldly. The Government should at least declare in the House today that they have arms as well as policy. They have the law and they are also ready to impose penalty. The Government should

go ahead with both and make them effective after 31st December. Next Budget is to be presented after six months. The Government should prove to the black money holders prior to presenting the Budget that the Government is an elected one and its intentions are clear. They are sincere and also have powers so that the black money holders should feel that the conditions are unfavourable to them. The bill you want to bring forward must be ready and the hon. Members can and will be prepared to sit even upto 1 O' clock in the night to pass the Bill I hope that he Minister will not evade these questions and will give clear reply in this regard.

SHRI GIRDHRI LAL BHARGAWA (Jaipur): Mr. Speaker, Sir, my only submission in this regard is that though the efforts made by the hon. Minister are sincere but the Government have no way out to extract the black money. Now the Government is encouraging the black money holders to come forward and deposit the black money. 40% of that twill go to the exchequer and 60% will go to the holder. But who will disclose his black money? For that the Government will have to give some incentive. If no incentive is given and his efforts may be sincere but the Finance Minister will not be able to extract the black money. Now, the Government for making financial provisions for clearing the slum areas and for providing houses to the poor, this 40% of black money will be utilised and 60% will go back to the depositor. This is what all the people are saying and this is also the view of a separate committee that at present black money worth 80 thousand crores of rupees is available in the country. Efforts will have to be made to extract this money. My submission is that if the rate of income tax charged on the remaining 60% of the black money which is returned, to him is reduced, it would work as an incentive for the black money holder and he will disclose his black money.

My second submission is that the government should certainly formulate a national scheme in the area to which the black

money depositor belongs and he should be made to invest that 60% money returned to him in that scheme. He may set up a cottage industry or a factory there.

In this connection, one should write to the concerned State Government that he intends to invest 60% amount in Hotel business or in some other profession, so he should get free land and amenities like water and electricity. In this manner, while 40% of the amount will go for housing for the poor, the rest 60% will also be spent in developmental work. It is my humble submission to the Government that it should direct the State Governments to provide land free of cost and also water electricity facilities to those interested in investing their money in the hotel industry.

Thirdly, I would like to submit that a provision should be made under which the 40% blackmoney deposited by a person in the National Housing Bank should be utilised for the development of slums and for low-cost housing projects in that area, to which the depositor belongs. If you make any such provision, it would enable us also to persuade the people living in our area and possessing black money to invest 60% of their money in some industry and the rest for the welfare of poor people living in his area. I believe that this would be a very positive step. I am certain that you will look into my suggestions. I also don't see any ulterior motive behind the introduction of this Bill. Your objective seems to be sincere and it is true that blackmoney can't be unearthed by force. Here, the Government itself has set a deadline for people to bring out this black money and assured them that no penal action would be taken against them. I am confident that if you give adequate publicity to this scheme, you will command the support of the people as well as and we too will be able to assist you in this by persuading people interested in converting their black money into white money. These are the suggestions that I want to give to the Government through you.

SHRI DAU DAYAL JOSHI (Kota): Hon. Mr. Speaker, Sir, the Government is at least

[Sh. Dau Dayal Joshi] 2a]

making an endeavour to unearth black money through the provisions of this Bill, introduced by the hon. Minister of Finance I also agree with the views expressed by so many hon. Members that there is much doubt about its success. I do not think that black money can be brought out through these means. Actually, this malady has become so deep-rooted that, as the hon. Members mentioned here, the black money generated in the country tax exceeds our national income of Rs. 80,000 crores. The problem can not be tackled, if it is not nipped in the bud itself. This black money is spooling the whole of economy of the country and even then, the Government is unable to take any concrete step to curb this evil. It is a common feature that the people illegally occupy the land in the hope that it will be regularised during election period. Six months before the elections, announcements are made to the effect that the illegally occupied land in almost all the States, will be regularised. Now, this has been going on since 1960 and people too have been indulging in land-grabbing, without any check whatsoever. Today, the situation has deteriorated to such an extent that in the villages, even grazing grounds and land meant for ponds, are not spared because the land grabbers know very well that once elections are due, the lands unlawfully occupied will be regularised. The situation is so conducive that habitual offenders are ruling the roost. Earlier also, we had launched several schemes to encourage people to bring out black money, but they didn't succeed. Even the Indira Bond Scheme failed. It was also announced that no questions will be asked and no punitive action will be taken against those who come out with their money, within a stipulated period, but in vain. The generation of black money in the country is increasing by leaps and bounds like Surasa's mouth. My humble submission is that the Government should take some more effective steps, apart from the proposed housing bank scheme. Almost all the hon. Members urged the Government to raise the income tax limit, but these suggestions went unheeded.

I don't remember the name very well, but when I was the Chairman of the Municipal council, I had gone to Bombay with a group of artists. When I talked to *, he said that he will issue receipt for a specified amount, but will take a different amount. He told that they would charge Rs. two lakhs for a day's programme, but would issue a receipt for Rs. 50,000 only. When I asked him as to how the Municipal Council would be able to adjust the amount he clearly stated that his houses was raided (by tax officials) just five days back.....

MR. SPEAKER: The names mentioned by the hon. Member won't go on record.

SHRI DAU DAYAL JOSHI: Raids are conducted of the places of small artists, but during 1986 * used to charge Rs. 10 lakhs for acting in one film. Today, who doesn't know that Mr.....* takes Rs. 50 lakhs, while signing a film contract, but a very low amount is mentioned in the receipt issued.

MR. SPEAKER: Nobody's name will go on record.

SHRI DAU DAYAL JOSHI: This is a fact known to one and all. It is not a sin to take anyone's name, I am telling you a fact. Everyone knows that the artists are paid his amounts, which are not mentioned in the receipts. The Government's rigid attitude forces the people to indulge in such activities. If we raise the tax limit, we will be able to check the generation of black money to a great extent. The Government should raise the tax limit, in proportion to the rising prices.

Secondly, I would like to submit that in this Bill, there is provision for grant of rewards to those people who impart information regarding the people having black money. In this connection, I would like to mention here that I have written to the concerned officials that the informers do not get the rewards in time. I can cite three or four such instances. Now you can think of yourself about the state of affairs. New bungalows and big shops are coming up in

the capital. The income-tax officers do go to these places but the hon. Minister should ensure what they do there. No one pays any attention towards the high rise buildings coming up in the metropolitan cities.

As a result of this the rich are growing richer. My submission is that the Government should take it seriously and unearth the black money. It does not appear to me that the Government is going to make any major achievement through the National Housing Bank. For this, they will have to take certain effective measures. The rich are making money day in and day out. But we people who live in the lowest rung of the society cannot do anything. As such, the Government will certainly have to take some effective measures in this regard.

Just now one of our hon. friends was saying that influence of black money goes on increasing in politics also. Elections are becoming more expensive. In the coming times, a petty worker like me cannot contest the elections. He cannot face the challenge thrown by money holders. On the one hand crores of rupees are being spent in elections and thousands of posters are being stuck, but for people like us, cut in election expenses is being applied. In the circumstances, petty workers like me cannot enter politics. Therefore, my submission is that the Government must take effective measures so as to contain black money. They will have to take some concrete decision. It calls for will-power only. I have no doubt in the honesty of the hon. Finance Minister, but he has to take certain effective measures, and bring forward a Bill in the House during the coming Budget session so that the black money which has caused several problems for us and has been helpful in running a paralleled economy, could be unearthed, I do not think that the provisions of this Bill will be helpful in unearthing the black money. I, therefore, oppose the Bill.

[English]

SHRI SUDHIR GIRI (Contal): Mr. Speaker, Sir, The Voluntary Deposits (Immunities and Exemptions) Bill seeks to

protect the interests of the black money holders who would like to part with a portion of their black money for deposits in the National Housing Bank in accordance with a scheme to be formulated by the Bank. In conformity with the Budget proposals as included in the Finance Bill, this Bill has been presented. The provisions of the Bill would whiten the black money without check cating the black money growth. The Government is encouraging the black money holders. This shows the nexus between the black money holders and the Government.

We are aware that the black money is a major economic problem. We are also aware of the fact that black money raises property and bullion values to absurd heights. It raises consumers' goods prices. It distorts the desired distribution of income and wealth. It distorts the production structure in favour of high income goods. It upsets all calculations and estimates of savings and disposable incomes.

All these factors deserve strict penal measures against such people. But Section 3 of the Bill provides that no person shall be required to disclose the nature and source of deposit. No enquiry shall be made against any person under such law.

The deposits made shall not be taken into consideration for the purpose of even evidence in any court.

You can just imagine the extent of relaxation's given to the people who are committing social crime day by day.

The Government has in mind the object of canalising black money for effective economic and social planning.

But did not the Government try in the past to canalise the black money for certain economic purposes? Has the Government been successful? No.

The Wanchoo Committee did recommend some effective measures to unearth black money. But the Government did not respond. Why?

[Sh. Sudhir Gin]

Shall I then presume that the Government does not want to unearth the black money? Black money has created a parallel economy. It has been thwarting Government measures to check price rise. It has been neutralising government plans and programmes for the upliftment of the poor.

Despite all these negative phenomena, the will of the Government is surprisingly found lacking in bringing the black money holders to book and restrain them. What are the reasons therefore? I, therefore, do charge the Government of aiding and abetting the black money people to further consolidate their position and enhance the volume of black money.

The Sub-section e (ii) of Section 2 of the Bill provides for crediting 40 percent of the deposit to a special fund created for financing slum clearance and low cost housing for the poor.

The Sub-section e (iii) of Section 2 of the Bill provides for crediting 60 per cent of the deposit to the depositor himself for serving his own purposes.

Forty per cent of the black money deposit will thus be invested for housing purposes. 60 per cent of the black money deposit will be payable to the depositor as white money after a year.

This scheme is not entirely new. In 1956 Government introduced 60:40 scheme. It was a Voluntary Disclosure Scheme. Sixty per cent tax and 40 per cent deposit in book.

In 1975, the Voluntary Disclosure of Income Wealth Ordinance was promulgated.

In 1980 came the National Defence Gold Bonds Scheme.

In 1981 Special Bearer Bonds came into being.

Immunities were granted to assesses to disclose their income.

Attempts were also made to flush out black wealth by issuing 12 per cent Venkat Raman Bearer Bonds and 13 per cent Indira Vikash Bonds.

All these schemes failed to unearth black money. Attempts were of no avail, to bring in substantial amount.

So, I do express serious concern about the efficacy of unearthing black money by giving amnesty to the black money holders as the Bill envisages various immunities and concessions. These provisions are seductive appeals, but counterproductive in the long run.

Why the Amnesty measures have failed to act? It is because the major part of black wealth is not held in the form of money, but in the form of real estate, bullion, jewellery etc. and deposits in foreign banks. The cash component of black money is relatively small.

Further, when black money is actually used in profit making activities, the returns are much higher than those of the bearer bonds which double themselves in five years and a half offer.

Thirdly, anonymity in the case of bearer bonds is an advantage. But there are many ways of disguising ownership when black money is used to earn more black money with a yield rate of much more than 13 per cent a year.

Our experiences prove that the amnesty schemes have not gone far in attracting undeclared income or in reimporting the funds exported or held clandestinely in foreign banks.

The deposits in foreign banks may not earn interest. But such deposits are increasing in their rupee value with the continuous decline in the exchange value of the Indian currency.

Swap deals are more gainful.

Further, there is one important point to note. The bringing out of accumulated black money will have the same inflationary effects as plan financing through deficit induced money creation. This is dangerous. Ultimately it will be ineffective when everything is calculated in real terms.

If it becomes the only objective of getting vestible funds, then the end can be achieved by accelerating money supply. Why then to give in to the unaccounted money hoarders?

If the usefulness of black money is openly recognised and there is as open invitation to such money to come, that will be an incentive to the earning of further black money.

Really the amnesty scheme envisaged is an offer of special treatment. This is an encouragement for earning more and more money.

On the basis of what I have pointed out, it is the urgent need of the time to prevent the growth of black money rather than to unearth its stock.

Apart from the demerits of the black money in the field of economic management, it also creates ethical problems. Any support or offer to black money goes against accepted standards of social morality. A continuous decay in these standards produces in its turn grave economic distortion. Black money is a problem of law, economics and ethics.

The sub-section (b) to section 4 of the Bill provides for exclusion of the assets of the assessee for the purposes of computing his net wealth under the Wealth Tax Act. This advantage gives a signal to the society that the black money phenomenon is being considered sympathetically. What would be its implications?

Previously the black money operators were shown sympathy and given amnesty. But they did not favourably respond. So, there is no sympathy now and no giving in.

It is high time to stiffen the penal provisions against illegitimate incomes and tax evasion. The rules regarding invoicing must be more rigid. The application of the rules should be made without favoritism and laxity. The political interference must be stopped.

To flush out the black money, it is imperative on the Government to implement the recommendations of the R. G. Chelliah group report. Chelliah Report identified six causes for black money generation. They are: falling moral standards; present taxation structure; government spending; economic control; inflation and weak deterrence.

Of all these causes the weak deterrence assumes the greatest importance. The Government should consider these aspects deeply.

In conclusion, I would point out that unlike the previous amnesty offers, the present Voluntary Deposit Scheme is much more attractive. But the people of dark world don't take interest in social good. They run after money. Money illusion has made them averse to humanity. So, we sympathise with the Finance Minister in his endeavor for flushing out black money. But the signals given by him are not acceptable to those who lead an honest life and to the honest tax payers.

SHRI MANMOHAN SINGH : Mr. Speaker, Sir, I am very grateful to all the hon. Members who have taken part in this debate. Several important suggestions have been made and I think one point emerging from this debate is that the black money is a many-headed monster.

It is a stock problem and it is also a flow problem. The stock problem is due to the amount of black wealth that exists in our society. But it is an annual problem. The hon. Members have mentioned, for example, Shri Sudhir giri also mentions the role of taxation structure, our inability to control inflation, weak deterrents and the role of

[Sh. Manmohan Singh]

control. These are all important factors why over a period of time, the stock of black money continues to grow.

I am conscious of the fact that I have promised that this Bill is not an ultimate cure. I admit that it is a palliative and that more basic solutions are needed to root out this evil at its source and that would require a multi-pronged approach.

As far as tax structure is concerned, we are going to simplify it. We are going to rationalise it. As far as economic controls are concerned, the process of discretionary management of the economy through control, dismantling of this control has also begun. In the area of trade policies, in the area of industrial policy, important initiatives have been taken. But I do agree that a lot more could be done and should be done. As far as penal action is concerned, I can assure this House that we will take all possible measures to deal sternly with tax menace, tax evasion. That applies not only to tax evasion but to other anti-social activities like smuggling as well.

Hon. Shri Bhogendra Jha has brought out the question of demonetisation. The Government has no intention to take this suggestion seriously. I have some experience of implementing a demonetisation scheme in the 1970s when Rs. 1,000 notes were demonetised. Nothing came out after this. These things weakened the people's confidence in our currency. They do not deal with the problem at its source. Therefore, I think, this suggestion is totally unacceptable to our Government, howsoever well intentioned it might be.

These are some of the points that were made. Shri Girdhari Lal Bhargava has made some important point and said that we should ensure that the black money mobilised in a particular area is used for programmes for slum clearance in that particular area. I shall certainly bear that suggestion when the time

comes to implement the scheme.

Several Members have expressed doubt that maybe this scheme will not succeed. Well, I am not a prophet nor do I believe in astrology. I think, let us give it a trial.

With these words, I commend this Bill to the House.

MR. SPEAKER: I will put all the amendments together to the vote of the House. I am putting amendments No2, 3 and 4 to the vote of the House.

Amendment Nos 2 to 4 were put and negated.

(Interruptions)

MR. SPEAKER: The question is:

"That the Bill to provide for certain immunities to persons making voluntary deposits with the National Housing Bank and for certain exemptions from direct taxes in relation to such deposits and for matters connected therewith or incidental thereto, be taken into consideration."

The motion was adopted.

CLAUSES

MR. SPEAKER: The House will now take up Clause-by-clause consideration of the Bill.

The question is:

"That clauses 2 to 5 stand part of the Bill."

The motion was adopted.

Clauses 2 to 5 were added to the Bill.

MR. SPEAKER: The question is:

"That Clause 1, the Enacting Formula, the Preamble and the Long Title stand part of the Bill."

The motion was adopted.

Clause 1,.....the Enacting Formula, the Preamble and the long title were added to the Bill.

SHRI MANMOHAN SINGH : Sir, I beg to move:

"That the Bill be passed."

[Translation]

SHRI BHOGENDRA JHA (Madhubani): Sir, I made a request for the demonitisation of 500 rupee notes and I was also assured that stern action would be taken after December, 31. Please reply these two points.

[English]

MR. SPEAKER: Shri Bhogendra Jha, you made a long speech. Please sit down.

MR. SPEAKER: The question is:

"That the Bill be passed."

The motion was adopted.

MR. SPEAKER: Now, The House will take up Matters under Rule 377.

00.48 hrs.

MATTERS UNDER RULE 377

- (I) Need to recognise medical degrees awarded to Indian students by Nigeria

[English]

SHRI A. CHARLES (Trivandrum): Mr. Speaker, Sir, several hundreds of Indian students who have taken Medical degrees especially M.B.B.S. from Nigeria are facing problems in this country since those degrees have not so far been recognised by

the Government of India. These students were forced to return to this country in view of the political situation there. The question of according recognition to the Medical Degree of the above students is pending with Government for the last many years. Several representations were given to the Ministry of Health and Family Welfare and the Indian Medical Association. It was finally decided that a team may visit Nigeria to have an on-the-spot study. The students are very much disturbed and any further delay would cause undue hardship to them. I would, therefore, urge upon the government to look into the problem without any further delay and accord recognition to the above degrees urgently.

- (II) Need to declare Vilaspur (Madhya Pradesh) University a Central University

[Translation]

SHRI KHELAN RAM JANGDE (Vilaspur) : Mr. Speaker, Sir, Vilaspur in Madhya Pradesh is a backward district and is predominately inhabited by Harijans and Adivasis. Guru Chhajidas University is the only university in the entire division. There is no proper arrangement for technical education and facilities of medical education are also lacking.

The Central Government may please make all educational facilities available in the said university and declare this University a Central University.

- (III) Need to bring Poona Miraj-Kolhapur Railway Section under central zone.

[English]

SHRI PRITHIVRAJ D. CHAVAN: (Karad): Sir, the Poona-Miraj-Kolhapur broad gauge railway line is currently under the South-Central Zone. The Zonal Headquarters are at Secunderabad. The Divisional Headquarter