

to cast aspersion on Mr. Khanna in particular. But it is also true that in a majority of the cases bureaucrats have been appointed to head these concerns. We must realise that they have been trained to run an administration and not to run a concern in a commercial way. Therefore, I would like to know whether Government is actively considering the restriction of bureaucrats to such appointments and trying to attract executives with brilliant records from the private sector to run these concerns and make them more meaningful and fulfil the social cause they are supposed to serve.

Secondly, Sir, in the face of Iran's reluctance the Minister has just mentioned that a delegation had gone abroad to explore new markets for the concentrates and pellets. Have you achieved any success or received any orders in this respect?

**SHRI PRANAB MUKHERJEE:** So far as the second part of the hon. Member's question is concerned my answer is 'not yet'. We have not yet been able to find a steady market but we are exploring the possibility.

As regards the first part of the question so far as this particular project is concerned it is headed by a technocrat and by and large the policy of the Government is to induct persons of competence from various walks of life.

#### Sale of Special Bearer Bonds

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\*1117. **SHRI K. A. RAJAN:**

**SHRI SATYAGOPAL MISRA:**

Will the Minister of FINANCE be pleased to state:

(a) what is the total value of special Bearer Bonds sold upto the end of April, 1981 (State-wise);

(b) whether it is a fact that the scheme has failed to attract black-money as expected by Government; and

(c) whether Government propose to adopt strong measures for unearthing black-money as stated by the Minister in Madras on 12th April, 1981?

**THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN):** (a) The total sale of Special Bearer Bonds amounted to Rs. 373.05 crores upto 30th April, 1981, when the sale was suspended. This figure is provisional as information about sale at some of the outlying centres is still awaited. The details of sale of the Bonds State-wise are not available.

(b) The proceeds reported so far cannot be considered to be insignificant especially in view of the pendency of the writ petitions in the Supreme Court which may have re-tarted the sale of Bonds.

(c) Yes Sir.

**SHRI K. A. RAJAN:** Mr. Speaker, Sir, you know that the fate of the much-anticipated and much tom-tommed bearer scheme has fallen flat. The hon. Minister also was very much banking on this scheme. Now, Sir, even if you stretch it beyond Rs. 373 crores, at the most, it may come to Rs. 400 crores. That is all. But the hon. Minister has been banking very much on this scheme and he was thinking that he would be able to mobilise Rs. 1,000 crores of resources by this scheme. Unfortunately he could not mop up even Rs. 400 crores. I hope that by this time the hon. Finance Minister himself might have lost his illusions about these black money holders. I have got two questions to ask for reply from the hon. Finance Minister. They are the following:—

1. (a) What further steps you envisage to curb black money?

(b) Which are the 'other measures' which you are going to take to mop-up resources?

(c) How are you going to bridge the gap in the deficit, which is to the extent of Rs. 627 crores?

Now my second question is this:—

2. (a) How much Bearer Bonds could you sell in the foreign countries and which are the foreign countries?

(b) What is the amount purchased by the single largest purchaser?

Sir, these are my questions and I request the hon. Minister to reply to them.

**SHRI R. VENKATARAMAN:** Sir, the Finance Minister of a country does not wear his heart in his sleeves. He cannot disclose the things that he proposes to do, in pursuance of certain policies. All that I can say now is that a subscription of about Rs. 400 crores in the present context is really a creditable performance. (*Interruption*) You can have a different opinion. This is my assessment.

**DR. SUBRAMANIAM SWAMY:** You are number Two in the Cabinet.

**SHRI R. VENKATARAMAN:** In other circumstances, with such adverse comments made by certain high persons in the country, it would not have even started. But the very fact that bonds to the tune of Rs. 400 crores have been subscribed itself is a testimony to the efficacy as well as the propriety of the issue of these Bearer Bonds.

**DR. SUBRAMANIAM SWAMY:** You are already replying to the No-Confidence Motion.

**SHRI R. VENKATARAMAN:** So far as the Deficit is concerned Government have got several options in the matter. Government have various ways and methods of raising resources. I will

not disclose what options I will exercise. I will merely express what options are open to me. The Options are: One, I can go in for savage taxation....

**DR. SUBRAMANIAM SWAMY:**  
Brutal.

**SHRI R. VENKATARAMAN:** . . . following the footsteps of my predecessor Finance Minister.

**SHRI INDRAJIT GUPTA:** The honest tax-payer will be further taxed.

**SHRI R. VENKATARAMAN:** Number two is this. To resort to further loans by way of borrowings.

**DR. SUBRAMANIAM SWAMY:**  
World Bank.

**SHRI R. VENKATARAMAN:** Number three: We can resort to certain punitive measures. Therefore, all these options are open to me. I will come back to this House at the time of the next Budget showing what the deficit is or what the deficit will be. Now the issue before the country is not as serious as the hon. Members opposite are trying to make it out. The control of the liquidity in the economy has been the primary objective of the issue of these bearer bonds. That objective in my opinion has succeeded to a large extent because we have as I said, withdrawn Rs. 400 crores of money from circulation in the country. Then, the other point which I would like to mention is this: In the normal circumstances, the Bond Issue would have succeeded even beyond the expectation which I had. . . So far as the other questions about subscriptions abroad and all that are concerned, a notice is required.

**SHRI K. A. RAJAN:** You are in a tight corner regarding the financial position. According to your expectations, you were to fill up the gap in the deficit. I would like to know whether they will strike at the right place where the concentration of money is there.

**SHRI R. VENKATARAMAN:** If the hon. Member has any information, he may pass it on to me confidentially.

**SHRI SATYAGOPAL MISRA:** It is estimated that about Rs. 20,000 crores of black money are operating as a parallel economy in the country. But by raising only about Rs. 400 crores through Special Bearer Bonds, our Finance Minister is saying that he has done a very creditable job. Really it is a very creditable job! Sir, in terms of the recommendation of the Seventh Finance Commission, 85 per cent of the net proceeds of taxes on income except the proceeds attributable to Union territories, is to be distributed among the States. The decision to float the special bearer bond implies a reduction of the potential aggregate revenue from taxes on income. It is, therefore, only fair that the receipts from the special bearer bonds are shared by the Union Government with the States in terms of the recommendation of the Seventh Finance Commission. In this context, may I know from the hon. Minister whether the Central Government will pay 85 per cent of the amount received through the Special bearer bonds to the different State Governments; if not, why not?

**SHRI R. VENKATARAMAN:** Sir, the estimate of black money in the country just varies as they used to say, with the foot of the Chancellor. We have no estimate at all and we have always said that it is just according to each one's own bile that he estimates the amount of black money in the country. Therefore, I am unable to accept the statement that Rs. 20,000 crores of black money are there in the country and any hon. Member, if he thinks that it is Rs. 20,000 crores, he has to satisfy himself with that. Then, so far as the second part of the question is concerned, I am sorry for his total misunderstanding of the legal aspect of the bonds. This is borrowing under Article 292 of the Constitution. This is not taxation. This is not a levy of income-tax. This is an issue of bonds for the purpose of borrowing. Under Article 292 of the Constitution, the executive power of the State extends to borrowing of such terms as the Govern-

ment thinks fit, subject only to the limitations that may be fixed by Parliament by law. Parliament has not fixed any limit on the borrowing and, on borrowings the States are not entitled to any share.

**SHRI BIJU PATNAIK:** We have started on a very genial mood after the Finance Minister's repartee on actors and actresses and so on\*

**SHRI R. VENKATARAMAN:\***

**SHRI BIJU PATNAIK\***

(Interruptions)

**SHRI Y. S. MAHAJAN:** The Special Bearer Bonds were issued to control the excessive liquidity in the system. The second object was to reduce the rate of inflation. The hon. Minister has said that 400 crores have been withdrawn from circulation. Does it mean that this amount of currency will be neutralised or destroyed?

**SHRI R. VENKATARAMAN:** The hon. Member has not understood the significance. Today, if there are 2000 crores or 'X' crores in circulation, for a period of ten years this will be withdrawn subject only to giving of credit as collateral security on this which is only for productive purposes and not for speculative purposes.

**PROF. MADHU DANDAVATE:** I want to ask the hon. Minister a question in the light of his answer to parts (a) and (b) of the question. In answer to part (a) of the question, the hon. Minister said that through the sale of bonds, the amount collected is Rs. 373.05 crores and in part (b) he has said that looking to the circumstances, the collections are not insignificant. According to ordinary mathematics, I think, if the collections were 373.05 crores and the expected amount was 1000 crores, the collections have been only 37 per cent of your expectations. Will you consider 37 per cent fulfilment of your expectation as significant fulfilment. Secondly, you said that you are not able to have any estimate of the black money in the

\*Expunged as ordered by the Chair.

country. Have you not got the assessable income, the assessed income and on the basis of that, if not the estimate, can't you make a guesstimate of black money? And is it not of the order of twenty-five thousand crores?

**SHRI R. VENKATARAMAN:** My esteemed friend, Shri Madhu Dandavate is always well informed, but sometimes in order to secure a debating point, he only reads a part of the sentence... (*Interruptions*).

I am sorry, if I hurt you Mr. Patnaik. (*Interruptions*)

**SHRI BIJU PATNAIK:** He is the most ill-informed person in the country; that is our Finance Minister. 30 per cent! What are you laughing at? Is it a joke? The Finance Minister expects thousand crores, but gets only 300 crores and he laughs at it.

**SHRI R. VENKATARAMAN:** I am sorry for the kind of answer I gave to Patnaik. Biju is an old friend of mine.

**SHRI BIJU PATNAIK:** Our problem is thousand crores to 300 crores. How do you balance this in the Budget?

**SHRI R. VENKATARAMAN:** You mentioned it in joke and I gave it.

**SHRI BIJU PATNAIK:** I have not taken cognizance of that.

**SHRI R. VENKATARAMAN:** If you want to withdraw, you can take it away from the record, Sir.

**SHRI BIJU PATNAIK\***

(*Interruptions*)

**SHRI R. VENKATARAMAN:** Sir, I must answer this question, because Shri Dandavate read only part of the sentence. I said it is not insignificant specially in view of the pendency of the writ petition. I did not say it is significant in relation to the objective or the target or anything of the kind. All that I said is that it is significant particularly in view of the pendency

of the writ petition. Therefore, I think it is significant.

Secondly, about the estimate, nobody has been able to estimate the amount of black money in the country. Black Money consists of two parts i.e. the flow and the fund. And how much is the fund and how much is the flow, is very difficult to say. And each person goes on making a guesstimate as it suits his argument for the time being.

**SHRI SATYASADHAN CHAKRABORTY\***

**MR. SPEAKER:** I do not think it is in good taste.

**SHRI SATYASADHAN CHAKRABORTY:** Mr. Speaker, Sir, is it a fact that because of this poor response the Finance Minister issued the directive to the officers in all the cities to go to the houses and ask, persuade and compel people to buy these bearer bonds. Is it a fact?

**MR. SPEAKER:** All these things should be taken off the record and whatever passed between the Finance Minister and Mr. Patnaik also should be off the record.

**SHRI R. VENKATARAMAN:** Sir, I want to make it clear that the response is not poor. You may continue to say it is poor, I will continue to say it is not poor.

My second point is that I received several telegrams asking me to extend the time limit of 30th April and we did not extend the time. Therefore, the statement that we went about asking people to subscribe to bearer bonds is totally incorrect.

**श्री रामवल्लभ पासदान :** अध्यक्ष महोदय, मंत्री महोदय ने कहा है कि यदि सुप्रीम-कोर्ट का फैसला इसके विपरीत में हुआ तो यह रूपया लौटा दिया जाएगा। मैं मंत्री महोदय से जानना चाहता हूँ।

\*Expunged as ordered by the Chair.

कि यदि ऐसा किया जाएगा तो आप ब्लैक-मनी को कैसे लीगलाइज करेंगे ?

**SHRI R. VENKATARAMAN:** We will cross the bridge when we come to it. Sir.

**श्री राम विलास पासवान :** मैं समझा नहीं ।

**MR. SPEAKER:** He has said: We will face the thing when it comes up. It is just a hypothetical question.

**SHRI GHULAM RASOOL KOCHAK:** The process of unearthing black money has been started and it has been a very successful attempt in Kashmir. Why not take a uniform policy for India?

**SHRI R. VENKATARAMAN:** Sir, it is part of the uniform policy throughout the country to raid, search and seize unaccounted money, wherever it may exist and Kashmir will be no exception.

**SHRI JYOTIRMOY BOSU:** Whatever the people say, he is certainly the best of the lot that we have faced. In view of the fact that you come from South and in view of the fact that there is now terrible activity going on to exchange hundred rupee currency notes, and in view of the fact that they are expecting demonetisation, will the Hon. Minister kindly tell us even if the Government does not have demonetisation in mind, how this fear has entered into the minds of the people who are converting hundred rupees currency notes into ten rupee or other notes of lower denomination?

**SHRI R. VENKATARAMAN:** I wonder whether the hon. Member expects me to answer this question. The Government cannot answer such questions.

**SHRI JYOTIRMOY BOSU:** How do they come to know that you are going to demonetize?

**MR. SPEAKER:** The Question Hour is over.

## WRITTEN ANSWERS TO QUESTIONS Economic and Technical Cooperation with Saudi Arabia

\*1116. **SHRI RAMJIBHAI MAVANI:** Will the Minister of FINANCE be pleased to state:

(a) whether any agreement has been signed by the Finance Minister and Vice Chairman and Managing Director of Saudi Fund for Development on various economic and technical cooperation between India and Saudi Arabia during the recent visit of some dignitaries of Saudi Arabia to India;

(b) if so, the details thereof;

(c) whether a series of talks and discussions were held between officers and Ministers of Finance Department of both the countries during these visits;

(d) if so, the outcome of the talks and discussions;

(e) the benefit to be derived by India out of the said talks and agreement; and

(f) how much it will affect the economy of India on various items for boosting production so that the prices of those items can go down?

**THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN):** (a) to (f). An agreement was signed by the Finance Minister with the Vice Chairman and Managing Director for a loan of SR 106 million (US\$ 32 million) for the Koel Karo Hydro Electric Project in Bihar. The loan carries an interest of 4 per cent per annum and is repayable in 20 years including an initial grace period of 5 years.

2. Assistance from the Saudi Fund for Development for the Rajasthan Canal Phase II and connected command area development was also discussed. This project would go a long way in developing the region. Other possible areas of cooperation between the two countries by way of joint ventures and