

[Mr. Chairman]

Page 3, in the marginal heading to clause 3,—

for "section 99A and Schedule II"

substitute—

"sections 99A, 108 and Schedule II of Act 5 of 1898." (4)

The question is :

"That the Bill, as reported by Select Committee, be passed."

The motion was adopted.

17.21 hrs.

REGULATION OF EXPENDITURE AND ERADICATION OF CORRUPTION BILL

SHRI HUMAYUN KABIR (Basirhat) :
Sir, I beg to move :

"That the Bill to regulate internal and external expenditure and payments of the Governments of the Union, the States and Union Territories, their undertakings, concerns an institutions, and all civic bodies, under their direct and indirect control; to maintain watch over all business transactions of trading and commercial establishments to prevent leakage of Income-tax, Sales-tax and other taxes and check other malpractices; and to eradicate corruption black-marketing and smuggling, be circulated for the purpose of eliciting opinion thereon by the 30th August, 1969."

Sir, I am grateful to you and the House for giving me an opportunity of moving a Bill which I think may prove to be of very importance in re-organising the economic life of our country and eradicating certain evils which are acting like a canker in the body politics of our country. I think there will be general agreement that one of the gravest dangers which faces Indian national life today is corruption. This corruption has entered into almost every aspect of life, whether it be administration, certain echelons

of the judiciary, police, customs or income-tax. In every department of life whether it be commerce or industry, agriculture, or even private transactions between individuals, corruption has pervaded the society in a way which bodes ill for the country unless we can control it in time. It has become almost common talk that you cannot get anything done unless there is some consideration given for it.

I would submit that one of the major reasons why corruption of this nature and this magnitude has entered into our national life is the presence of very large sums of unaccounted money. There are, of course, also other social factors. I think one of the reasons why corruption is more rampant today than it has been at any time in the past is the fact that during the war period, between 1939 to 1945, almost all standards were violated. In many cases people became rich overnight without any effort by adopting means which cannot be justified in any way. When all social values, all moral standards were being destroyed by the impact of war, it is not surprising that it has affected every aspect of our national life and since then we have not been able to get over that difficulty.

As I stated a moment ago, one of the major reasons for corruption is the presence of very large sums unaccounted money, popularly called black money, in the hands of some people.

There is another new factor which has come into our public life today. The entire economic power of the country is today concentrated in the hands of the Government. In the past the administration or Government had only political power. Today, in addition to political power, there is also economic power. We have a system of licences, controls and permits, and various kinds of restrictions on the normal activities of the people which offer immense opportunities for various types of corruption to those who want to exercise undesirable and undesired privilege. The result is that, in every aspect of national life, this evil is eating into our vitals.

The figures of unaccounted money have never been actually estimated and they can-

not be estimated from the very nature of the case. If the Government knew what is the total amount of unaccounted money in the country, it means it would have some access also to the source from and to the area where this unaccounted money is operating. I have no doubt that the Government would try to seize all the unaccounted money and see that is eliminated from our economic life.

Various assessments have been made. We know, in various ways, in smuggling, in hoarding, in blackmarketing, in profiteering, in various illegal foreign exchange transactions, in evasion of taxes, whether it be income-tax or sales-tax or excise duty or other duties, hundreds of crores of rupees are involved. I was reading the other day an estimate by a fairly well-known economic expert who has put the amount of illegal evasions every year at a figure of almost Rs. 5000 crores. According to him, smuggling alone accounts for about Rs. 1000 crores a year; hoarding accounts for over Rs. 500 crores; black-marketing accounts for about Rs. 1000 crores; profiteering about Rs. 800 crores; illegal foreign exchange transactions about Rs. 500 crores or even more. How he has assessed these figures I do not know. So far as evasion of taxes is concerned, Prof. Kaldor, if I remember aright, put the figure at something like Rs. 400 to Rs. 600 crores. Various alternative assessments have been made. All these figures together give a colossal amount of money.

Naturally, when goods are brought in by smuggling, they cannot be sold in the open market. The money which is gained through the sale of smuggled goods goes to increase and expand further the size of unaccounted money in the country. Various assessments have been made. I think, but if you even have the most modest assessment, it would be about Rs. 5000 crores to Rs. 10,000 crores of un-accounted money in the country. Some people have put the figure as high as Rs. 30,000 crores. Even if there is a total amount of Rs. 5000 crores of unaccounted money and if this increases at the rate of Rs. 1000 crores a year—I think there are certain indications that the figure will not be less than about Rs. 1000 crores a year—we have here a very huge block of money which does not come into

any productive use. It cannot be used in the open; it cannot be utilised by people either in industry or in agriculture in an open way. It is thus one of the greatest factors for corrupting public life at every level.

We have been recently talking a great deal in this House about the use of foreign money and that foreign money has been used to corrupt our public life. In the statement which the Home Minister made yesterday, though he could not specify the figure and he could not always indicate the source, he said that the inquiries and the report indicate that large amounts of foreign money have come into public life and these are of substantial amounts. This also is possible because there is unaccounted money.

In this Bill, there are two major clauses, one clause which will, by regulating expenditure, ensure that this kind of expenditure cannot take place, that this kind of black-marketing operations cannot take place, that this kind of smuggling and profiteering cannot take place. This will put an end to one aspect of the evil and another clause which will force all black-money to come out in the open and strike at the very root of the evil.

I would like to draw the attention of the House particularly to clauses 3 and 5 of the Bill. In clause 3, it is suggested that there should be some kind of what may be called qualified demonetisation—it is not demonetisation.....

MR. CHAIRMAN: The hon. Member may continue next time. We now take up the half-an-hour discussion.

17.30 hrs.

HALF-AN-HOUR DISCUSSION
INDO-CYLON VENTURE FOR THE
EXPOXT OF TEA

SHRIMATI ILA PALCHOUDHURI (Krishnagar): There was a question asked on the 2nd April, 1969, and an answer was