

[Shri Piloo Mody]

fortunately this cannot be done by legislation. Unfortunately the Professor being highly technical had gone beyond himself. What should be done is that the banking system should be made better as in European countries or in America. You do not have very serious difficulties in encashing cheques there, and I certainly do not want to say that we in India are more dishonest or less dishonest than we cannot adopt this system easily. I grant you that there are certain difficulties, particularly in rural areas where you have a shortage of banks and their branches. But it is a very good idea.

Then another suggestion which Dr. V. K. R. V. Rao has made, which is excellent from every point of view and unexceptionable, is that the transactions which take place on property and things like that, should be in the public gaze, in the public domain. Nothing destroys as much as public exposure. Therefore, I would like the Government to have the names of tax-evaders posted up, to have their names published. I would like to see the transactions taking place in the open and not in a clandestine fashion where nobody knows what the relevant details of the contracts are. Even about the system that the Government has started of publishing people's incomes etc., at first I thought that it was in questionable taste, but from the sort of corruption and nepotism I see today in which the entire country has been shrouded, I think it is a very good idea. We must have public exposure of those who evade and break the law. But then there must be a certain rationality about the law itself. There must be some reasonableness about the law; the law must be such that people like to obey it. After all, the way the tax structure is at present fixed, no man in the country who works or has the capacity to work will want to work. This is the sort of society that they have created.

I have said this once before. All that we have managed to create after 25 years of Independence as a value for our society is the value of

being poor. With the language tussle and the educational tussle that have been going on, we have now added another dimension to the values that we have created for our country—the value of being ignorant—so that if you are poor and ignorant, you can inherit this country. But if you are hard-working, if you are talented, if you have skill, if you have entrepreneurship, if you have any capacity, this country is no fit place for you to live in. These are the values that we have created after 25 years of self-government.

When I hear discussions on Bills, reports and Commissions, all the time evading the basic issues and going round and round on the periphery, trying to get a little bit here and a little bit there, trying to gain political leverage out of a situation, I get angry. When what you want is to clean up society, and when I find my colleagues, whom you say I should treat with love and respect, getting up and defending this sort of things, it makes my blood boil.

It is with these words that I request that Government accept the Wanchoo Committee report *in toto* if it is serious about eradicating black money, and fiddle with it if it is not.

18.10 hrs

## BUSINESS ADVISORY COMMITTEE

### SIXTEENTH REPORT

SHRI R. V. BADE (Khargone):  
Sir, I beg to present the Sixteenth Report of the Business Advisory Committee

## MOTION RE FINAL REPORT OF THE DIRECT TAXES ENQUIRY COMMITTEE—contd.

SHRI N. K. SANGHI (Jalore):  
Sir, today we are discussing a very serious matter. We are considering the final report of the Direct Taxes Enquiry Committee which was laid on the Table of the House on the 20th March, 1972. It is a very important subject. The whole House is exercised over this matter, and every Mem-

ber has been wanting that some desirable changes are brought about in the taxation structure of our country.

When the Wanchoo Committee was appointed, it issued a questionnaire to be replied to and I am glad to say that I had the privilege of answering the questionnaire and also appearing before the Committee to give evidence for more than four hours before the Committee.

The Final Enquiry Committee Report that we have received, I think the committee has done a very helpful task. They have received and taken voluminous evidence and they have still found it possible to submit this report in the quickest possible time, and it is really a matter on which the members of the committee should be congratulated.

**SHRI JYOTIRMOY BOSU:** Which report? The interim report or the final report?

**SHRI N. K. SANGHI:** It would be very nice to go into a little background of the tax structure in this country, particularly on the direct taxes administration, after Independence, we have had as many as six committees. In 1947, we had the Tax Investigation Committee; then we had the Mathai Commission; later, we had the Direct Taxes Inquiry Committee's report of Shri Tyagi, which resulted in the bringing forward of the new tax law of 1961. Thereafter, we had the Bhoothalingam Committee's report, and now the Wanchoo Committee's report is before us. I am glad that we are today having an opportunity to discuss the Wanchoo Committee's report in this House.

Whenever we have a report of a commission, it gives out many recommendations which come before the House, before the public and before the Parliament and the people. That is exactly what has been done by the Wanchoo Committee's report. There have been more than 400 directions and recommendations that this Committee has brought before us. It is always that no one Member would agree to every one of the recommendations; there would

be recommendations with which one person might agree and the others might disagree.

18.13 hrs.

[**SHRI R. D. BHANDARE** in the Chair].

There will be a number of recommendations on which they will have divergent opinions. But we have really to take stock of the things as a whole. Before the report of a committee is submitted by an expert body, they take evidence, they take the administrative difficulties into account and they take into account also all the consequences that are there in the country because of the proliferation of black money and various other matters. Therefore, we shall have to take this report a little more seriously.

Today, what is happening in the society. We find there is a crisis of confidence in society. There is no doubt that everyone says that there is proliferation of black money. Everybody today is, however, going towards black money and thinking of how to make some easy money to live by, and that has become the bane of the society; the attention of everyone, including the politicians, the statesmen, the services and the bureaucracy is being focussed on this vagary which is spreading in this country cancerously and also in the other parts of the world. But there is a crisis of confidence today in our country, when we say that we have no faith in the tax administration. After Independence, we have seen that people have lost faith. When it comes to the politicians, they say that the bureaucracy is corrupt; when it comes to the bureaucracy, they say that the people are dishonest; when it comes to the tax-recovering inspector, he feels that the assessee is dishonest and he is not doing his job honestly. When it comes to the assessee, he feels that the politicians are not behaving properly and the tax administrator of the Government is not doing his job properly. This goes on in a vicious circle. Instead of having any remedial measures we find that we have been going on proliferating the whole matter. Without proper educa-

[Shri N. K. Sanghi]

tion, with the prices rising and with the multiplicity of controls that are going on today in the country, with the situation that we have, where the value of the rupee has gone down during the last decade by more than 50 per cent, we have really brought ourselves to a difficult situation. It is really a problem to be solved with a lot of restraint.

In the wake of this, we have received this Wanchoo Committee's report, and I am sure that this report will give us the desired light and direction, if only we would care to work on it.

I am reminded, Sir, of a story in this connection. There was a king who did not believe in anyone's honesty and who thought that everyone was dishonest. He wanted a gold crown to be made for him. So, he called one of the best goldsmiths and told him 'You have to make me a gold crown, but it has to be made in my presence only'. The goldsmith worked for a number of days and made a crown. When the crown was ready, the goldsmith said 'Now, it will have to be polished, and for polishing it, I shall have to put it in a particular acid, and after I take it out from the acid, you will have the crown ready'. The king agreed, he thought that the crown was ready by then and, therefore, there was no harm in allowing the goldsmith to take the crown and put it into the particular acid in order to purify it and polish it. After 24 hours, the crown was brought to the king. The crown was really dazzling, and it was very nice, and the king was happy.

The goldsmith then said: 'Oh King, the crown you are wearing is not made of gold but of some other alloy'. This was a revelation to the king because for the last 25 or 30 days the goldsmith was working at it in his presence. So he thought how it could be other than gold. But the goldsmith said: 'You did not believe me. I am a goldsmith and I wanted to make a good job of it. But since you did not believe me and since you wanted everything to be done in your presence. I have been making and chiselling another crown of the same type in my

house. I put it in acid and this is what I have got, a non-genuine crown'.

This is the sort of crisis of trust from which we are suffering today. One does not believe the other. Whatever work is given by one to another is not carried out sincerely and there is lack of confidence everywhere. We will have to find out ways and means by which we can revive this confidence. Today the junior officer does not respect the senior officer. The C.B.I. is after the officers and the officers are after the assesseses. In this mess, we have to find a solution and I think if we take care of this Report before us, it will go a long way in helping us to do so.

The alleged Interim Report of the Wanchoo Committee that has been laid on the Table by Shri Bosu, whether it is the genuine one or not is not important, but because of the fact of its having been laid on the Table, attracted a lot of comments, editorials and reactions. There are certain points in it which have been highlighted, particularly, demonetisation, a ceiling on cash holdings etc. All these matters are there. But what we are really concerned with is what is contained in the final report and the direction in which the recommendations made therein go.

My hon. friend, Dr. V. K. R. V. Rao, said that there should really be reliance on more banking operations, that every person should operate through banks for payment wherever he can. It is a very good suggestion. But the question is: can we really make it practicable?

I remember a recent incident. A friend of mine was getting his daughter married. For this purpose, he drew a loan from Government of Rs. 4,000. He wanted to take it to Jodhpur. But the banker suggested that instead of taking it by a draft, he could take it in traveller's cheque which he could encash at Jodhpur conveniently and easily either in part or in whole. But to his misfortune, when he went to Jodhpur to cash it, the State Bank of Bikaner in Jodhpur took 3 hours because this was the first traveller's cheque that had come to that bank for encash-

ment, and until he went to the General Manager, he could not get it cashed.

This is really what is preplexing the society. We have recently seen the bank clearance strike in Rajasthan. Crores of rupees remained uncleared by the Bank putting the people to a huge loss. There is presently a strike by the Reserve Bank staff at Calcutta. There are innumerable difficulties. There should be a judicious method by which we conduct operations smoothly and to the satisfaction of all. In this the Wanchoo Committee Report can help us.

There are about 400 recommendations made in that copious report made by a man of the highest integrity, a man with the highest judicial knowledge in the country, Shri Wanchoo. I am sure this a report which we should not overlook or take lightly. Government should go through the report in its entirety and accept those recommendations which are administratively feasible and give effect to them so that we can have a better tax structure and there can be an atmosphere of confidence in society which will help in building a better society.

Shri Baladhandayutham told us that many social and economic changes are necessary. We are not lagging behind in bringing about social and economic changes. Today we are marching hand in hand for the emancipation of the common man. Whether it was nationalisation of banks or nationalisation of the insurance companies or the matter of land ceiling or ceiling on rural wealth, without minding about vote-catching, we have brought about the necessary social and economic changes. The party is fully aware of its responsibilities to the people and we are going faster than all the Opposition parties put together.

I hope the Central Government will take the Wanchoo Committee report seriously and proceed in the direction indicated therein so that we bring about a better tax structure in the country.

Our tax administration requires a lot of changes. One of the suggestions

made by the Committee is that there should be an independent, autonomous Board of Revenue. If this will bring about the desired change, I see nothing wrong in implementing this recommendation. We have autonomous bodies like the P & T and many others. It is high time we accepted this and many other recommendations which would enable us to build a better society where man can breathe freely, where the rich and poor march hand in hand and we have less of class distinction in the country and we can really be proud of this country. With these words, I hope the Finance Ministry will look into the whole matter for the betterment of the tax structure in the country.

SHRI SHYAMNANDAN MISHRA (Begusarai): Mr. Chairman, Sir, really I am in a peculiar predicament. The time that falls to my share is so ridiculously brief according to your calculus, that I would be making myself ridiculous too, if I attempt to make any meaningful contribution to this debate.

You will realise that we have to deal with a voluminous report of 272 pages, containing recommendations of the order of 267. I cannot even touch the fringe of this voluminous report. So may I concentrate my attention on the most burning topic of the day, that is, black money. Black money, to my mind, is the progeny of black politics, and so long as black politics remains in command, we will always have black money and black economy. So long as the present political constellation exists and may I say also, the kind of political regime that we have in the country exists, there will be no political will to eradicate black money. In fact, there would be a pronounced tendency in the contrary direction namely to augment black money so as to freely draw upon it. That is very much in evidence today.

One positive evidence that one would like to have from the political set-up of the day is—if they want to show any political will and commitment to eradicate black money—they should come forward with a law which would oblige every political



[Shri Shyamnandan Mishra]

party to declare its respective receipts and expenditures, their assets and liabilities. Are they prepared to do this? If they are not prepared to do that, I would say that they are not going to bring the political will and commitment to eradicate black money.

As I told you, I am really in a peculiar predicament due to lack of time. I would, therefore, content myself by reading out a limerick on the Wanchoo Committee report: a small limerick:

Why not enjoy the magical bloom,  
Why do we want to revel in gloom?

Black money and tax evasion,  
Sovereign remedies for democratic erosion.

Massive mandate for Garibi Hatao,

Anti-prohibition and Khoob Pilao.  
Would you have them if you heed

Jyotirmoy's nonsensical plead?

Let us celebrate this colourful marriage,

Politics and money have wonderful carriage.

Attempts to weaken the basis of stability,

How can we put up with this audacity.

Gems in the crown, the great Navarathnam

Led by Goenka and Chidambaram.

SHRI JYOTIRMOY BOSU: Maruthi Limited.

SHRI SHYAMANDAN MISHRA: Let me complete the limerick:

Socialist lamp gives dazzling light  
Fuelled by the capitalist mite.

The Wanchoo Report, interim and final

Is for debate and decent burial.

With this, I end.

SHRI P. M. MEHTA (Bhavnagar): Sir, I would like to make a submission. We are discussing a very important subject, and because of the late hour

LJ/CH/LES-1,010-14-11-72-GRPS

there is no quorum in the House. Most of the Members have gone. (Interruptions). I would request you to allow this discussion to continue on Monday and adjourn the House now, because there is no quorum.

SHRI JYOTIRMOY BOSU: Sir I am raising a point of order.

MR. CHAIRMAN: Under what rule?

SHRI JYOTIRMOY BOSU: Under rule 376. I am surprised I have to quote the rules for Mr. Bhandare who, I am sure can quote from memory. I take lessons from you.

MR. CHAIRMAN: You are taking too much of liberty.

SHRI JYOTIRMOY BOSU: I am on a point of order under rule 376.

We are sitting on a Saturday; we have foregone our lunch hour. We are tired, physically and mentally, ourselves, those who are with us, namely, visitors, people around here, Lok Sabha staff.....

DR. KAILAS (Bombay South): Unfortunately, there is no time on Monday.

SHRI P. M. MEHTA: Even now there is no quorum. The Minister has to intervene and then the hon. Member will reply. It will take a long time (Interruptions). This is not the way to discuss an important subject. Members have left.

MR. CHAIRMAN: There is an understanding that after 6 o'clock no question of quorum should be raised.

SHRI P. M. MEHTA: I rise on a point of order now. It was my submission before; now I rise on a point of order. According to the rules the House cannot transact business without quorum.

MR. CHAIRMAN: Let the Bell be rung—There is no quorum.

Since there is no quorum the House stands adjourned till 11 a.m. on Monday.

18.30 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Monday, August 28th, 1972/Bhadra 6, 1994 (Saka)