

WANCHOO COMMITTEE REPORT ON BLACK MONEY

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**"Free Enterprise was born with man and
shall survive as long as man survives."**

—A. D. Shroff

(1899-1965)

**Founder-President,
Forum of Free Enterprise.**

Wanchoo Committee Report On Black Money

By

H. P. Ranina *

Kudos to the Wanchoo Committee for its findings relating to the root causes of tax evasion and proliferation of black money and for its bold and courageous recommendations which may find disfavour in the political climate prevailing today.

Though these recommendations may be unpalatable to those in power, it must be realised that the implementation of the major recommendations is the only long-term solution to the problem of black money and tax evasion that is corroding the very base of our economy.

The committee has rightly stated that one of the worst consequences of black money and tax evasion is their pernicious effect on the moral fibre of our society which puts a premium on dishonesty and shatters the faith of the common man in the dignity of honest labour and virtuous living.

The committee has, therefore, concluded that "black money is like a cancerous growth in the country's economy which, if not checked in time, is sure to lead to its ruination."

The extent of black money and tax evasion has been determined on the basis of certain assumptions. However, Dr. D. K. Rangnekar is of the opinion that the magnitude

* This is reproduction from a series of articles which appeared in "Financial Express" of Bombay in June 1972. Mr. Ranina is a chartered accountant and is author of student's edition of Kanga and Palkhivala's "The Law and Practice of Income-tax". Reproduced with kind permission of the Editor of "Financial Express".

of the problems analysed in the majority report is considerably under-estimated and he has made his own calculations. It is, therefore, not possible to assess with any degree of accuracy the findings of the Committee on this point.

This lapse on the part of the committee can certainly be forgiven considering the fact that the illegality of the transactions and the mystery shrouding them make it well-nigh impossible for anyone to make a correct assessment of the actual amount of tax evasion and unrecorded transactions taking place.

Secondly, the committee has more than made up for this lapse by coming to the right conclusions as to the causes of tax evasion and the creation and proliferation of black money.

According to the committee, the major factors responsible for this evil are the following: high rates of taxation under the direct tax laws, an economy of shortages and consequent controls, licences and permit system, the ban on company donations to political parties, corrupt business practices, ceilings on, and disallowance of, legitimate business expenses, high rates of sales tax and other levies, general deterioration in the moral and civic standards of our people, and ineffective enforcement of tax laws.

Having come to the right conclusions on the main causes of tax evasion, the committee has made recommendations which, to any discerning citizen, are not only logical and correct but are the only weapons which would be effective in the fight against the scourge of black money and tax evasion.

Among the major recommendations made by the committee, the one that stands out is reduction of tax rates, *at all levels of income*. The other important recommendations are minimising of controls and licences, regulation of donations to political parties, allowance of certain business expenses, changes in penal provisions and arming the authorities with greater power to enforce tax laws.

It would be worthwhile discussing in detail some of the important findings and recommendations of the Committee.

India is today "the highest taxed nation," as one eminent authority put it, in so far as the rates of taxes are concerned, because no other country in the world penalises honest work and endeavour as savagely and ruthlessly as India does.

As the Wanchoo Committee has noted, "When the marginal rate of taxation is as high as 97.75%, the net profit on concealment can be as much as 4,300% of the after-tax income. It is more profitable at a certain level of income to evade tax on Rs. 30 than to earn honestly Rs. 1,000."

The committee has, therefore, concluded that in such circumstances it should not be surprising if those placed in such a situation find it difficult to resist the temptation to evade taxes.

Again, when tax evasion becomes immeasurably more rewarding and when tax rates reach vertiginous levels, human nature is bound to assert itself and ingenuity is bound to be used to escape from the tax net which deprives our citizens of the entire fruits of their labour at a certain level of income. Moreover, the committee feels that if public conscience is to be aroused, the public should be convinced that tax evasion is anti-social.

This objective is difficult to achieve so long as the marginal rates of tax remain confiscatory. Therefore, the committee has in unmistakable terms recommended the reduction of tax rates all along the line.

However, it is unfortunate that the committee has not suggested an increase in the maximum amount of income exempted. At present, the first Rs. 5,000 are exempt from income-tax. This, in my opinion, is considerably low taking into account the fact that the purchasing power of the rupee is falling year after year.

In other words, in order to enjoy the same level of

exemption, it is imperative that the Government should increase the exemption limit, taking into account the rise in prices and the consequent corrosion in the value of the rupee.

Today we find the common man enmeshed in the net of soaring prices and struggling to make both ends meet since his income does not increase in the same proportion as the rise in the price level.

If the rates of tax at the same level remain fixed, the tax-payer is worse off every year because he has to pay the same tax on income whose real value is on the decline.

It should be noted that the wholesale price index has risen by 81% between 1961-62 and 1971-72. Therefore, if we take into account the impact of both inflation and taxation, it would be observed that though income may have risen in monetary terms, there is actually a fall in its real value.

However, inflation always affects the poor and the middleclass people with fixed incomes more than the rich, and therefore it is only fair and just that a nation which believes in the ideal of a welfare State should, taking into account the fall in the value of the rupee, increase the maximum amount exempt from tax and reduce the rates of tax drastically in respect of income at the lower slabs.

The Wanchoo Committee has, unfortunately, not recommended the increase in the maximum amount exempted, while Mr. Bhoothalingam had recommended an increase in the exempted amount from Rs. 5,000 to Rs. 7,500 in order to take care of the price rise.

Even the rates recommended by the Wanchoo Committee for incomes between Rs. 5,000 and Rs. 40,000 are exceedingly high; e.g., annual income between Rs. 30,000 and Rs. 40,000 is proposed to be taxed at the rate of 51.75%. Therefore, it would give great relief to the middle-class assesseees if the rates are scaled down suitably, taking into account the inflationary forces during the last 15 years.

The Wanchoo Committee has recommended the elimination of unwanted and ineffectively enforced controls. This is a step in the right direction. It is no exaggeration to say that the controls, licensing and permit system has made black money indispensable to business men. Not only do import licences command a high premium in the black market, but the licensing system has led to corruption at all levels.

Even the ordinary middle-class citizen who has a fixed income, is very often confronted with the task of finding black money in order to pay "*pugree*" if he is in need of an accommodation. The "*pugree*" system finds its root in the Rent Control laws which fix standard rent much lower than commercial rents. In order to pay a "*pugree*" the citizen has to convert his hard-won earnings into black money.

It is most unfortunate that the licensing and controls system in this country has forced honest citizens to resort to dishonest means. Hence the committee has suggested that a committee of experts should be appointed to enquire into the utility of all existing controls, licensing and permit system and suggest elimination of those controls, licences and permits which are not really necessary.

Another effect of the controls and licensing system is that competitive forces are stifled. The result is that the quality of indigenous goods is extremely inferior and the prices tend to remain high. Secondly, the output is considerably restricted and is never sufficient to meet the demand.

This creates an atmosphere where smuggling of foreign goods becomes extremely lucrative as very often prices of foreign goods in the black market are almost the same as those of indigenous goods.

Therefore, the committee's recommendation for liberalising controls would help increase production and in the long run a free and competitive market would be able to replace the black market to a large extent.

Recently, a conference was held in Delhi to discuss the recommendations of the Wanchoo Committee. A large number of economists at that Conference were of the view that bringing down the rates of tax as recommended by the Wanchoo Committee may not result in any reduction in the extent of tax evasion.

The reason that these economists gave for coming to this conclusion was that a large volume of tax evasion and black money is directly attributable to illegal transactions which are carried on through such activities like smuggling, black marketing, dealing in items like gold, etc. Besides, a lot of money is earned in an illegal way by demanding bribes, cuts, secret commissions, etc.

In respect of income derived from such illegal transactions tax evasion would continue unchecked, because the source of the income is itself illegal and, therefore, dishonest citizens would not disclose such income even if the rates of tax were reduced to a low level.

This viewpoint of the economists is a valid one and has to be taken into account in considering the extent of, and the steps to be taken to fight, tax evasion.

However, this does not mean that high rates of taxes are not responsible for tax evasion. Tax evasion takes place also in respect of legal transactions like those in immovable property, the purchase and sale of scarce commodities, etc.

The total value of legal transactions in respect of which tax evasion takes place is fairly high, though it would not be possible to make an accurate estimate of the extent of tax evasion taking place through such transactions.

In respect of legal transactions there is no doubt that the high rates of taxation have a pernicious effect and result in suppression of receipts of income and under-statement of

consideration in respect of transfers of immovable property and scarce commodities.

Even in respect of illegal transactions the remedy partly lies in liberalising controls, as recommended by the Wanchoo Committee, so that production of goods may increase to meet the rising demand and the benefits of healthy competition would be reaped by the consumers in the form of better quality products at reasonable prices. This would eventually bring down the demand for foreign goods smuggled into the country.

Secondly, punishment for smuggling and black marketing should be made more severe and at the same time the Government should put teeth in its vigilance machinery to detect smuggling and black marketing.

These measures would in the long run bring down the volume of illegal transactions which, in turn, would reduce the creation and circulation of black money. Also, if controls are liberalised, bribes, secret commissions and "speed" money paid to procure licences at present would also come down considerably.

Again, with the liberalisation of control, more and more transactions which are today taking place off the record would be brought into the open and the volume of legal transactions would rise, which would make a dent in the volume of illegal activities.

Therefore, it is clear that the acceptance of the two major recommendations of the committee, viz. reduction of tax rates and liberalisation of controls, would go a long way in combating the evils of tax evasion and black money.

In respect of legal transactions a reduction in the tax rates would produce results in a short time, but in respect of illegal transactions it may be some time before the liberalisation of controls results in an increase in the volume of legal transactions which would reduce the volume of black money.

An important point which the Wanchoo Committee has made is that if the rates of taxes are reduced to the level suggested by it, then even on a liberal estimate the immediate loss of revenue to the exchequer would be only Rs. 45 crores.

But this loss would be more than made up by the galvanising effect tax cuts would have on the economy and by the added stimulus and incentives that individuals and the private sector would receive.

The crying need of the hour is to increase production, so that shortages are mitigated which, in turn, would reduce black marketing and profiteering. There can be no better remedy for giving a boost to production than to accept the recommendations of the Wanchoo Committee by reducing the vertiginous levels of taxation and minimising the stranglehold of controls over industry.

It is unfortunate that the Wanchoo Committee has not recommended the lifting of the ban on donations by companies to political parties. It is common knowledge that in spite of the ban imposed under Section 293-A of the Companies Act, 1956, almost every company is under tremendous pressure at election time by political parties.

However, the ban on donations by companies has made it easier to extract money from companies since this is done in a surreptitious manner and no figures or information are made public.

The committee should have, therefore, recommended the lifting of the ban and left the companies free to make donations, subject to certain limits, so that the shareholders and the public would know as to how much a company has donated to a political party.

It would also have been better if large donations, above a certain limit, had been made the subject-matter of the shareholders' approval.

The committee's recommendations for allowing a deduction to individuals in respect of donations made to political parties and the registration of political parties as well as the compulsory audit of their accounts, are welcome since they would ensure that donations are properly accounted for and the accounts of parties are subjected to an independent check.

The Wanchoo Committee's recommendation for allowing entertainment expenditure incurred by an assessee primarily for the benefit of his business is salutary.

However, it is proposed that this allowance should be subject to the ceiling prescribed under section 37(2A) of the Income-tax Act, 1961 (which was in force till February 28, 1970) which laid down a maximum of Rs. 30,000.

It is submitted that in the highly commercialised world of today a business man has to spend considerable amounts on entertaining his business associates as well as prospective customers. It is common knowledge that many of the important business transactions are negotiated and finalised in clubs and restaurants.

Even before March 1, 1970 when entertainment allowance was deductible, the ceiling of Rs. 30,000 was found to be inadequate especially in the case of those businesses where public relations play a crucial role in the furtherance of business. This led to a lot of malpractices and expenditure incurred on entertainment was falsely claimed under other heads.

Therefore, the Government should take into account the realities and exigencies of business prevailing today and allow entertainment expenditure without any limit so long as such expenditure is incurred wholly and exclusively for business purposes.

The committee has also recommended a deduction of expenses incurred in maintaining guest houses for the benefit of employees on duty, on charge of rent.

As regards penalty provisions under the Income-tax and Wealth-tax Acts, the committee has rightly recommended that the quantum of penalty imposable for concealment of income or wealth should be with reference to the tax sought to be evaded instead of the income or wealth concealed. The committee has also recommended imposition of penalties in certain cases which today are beyond the ambit of the penalty provisions.

A vigorous prosecution policy has been advocated and the Department has been urged to prosecute tax-dodgers where there is a reasonable chance of securing a conviction. In other words, the prosecution policy should be such that it will instil fear and respect for laws in the minds of tax-payers.

Penalties and prosecutions are indeed potent weapons in the hands of the Department in its fight against tax evaders. However, the important point that should not be lost sight of is that however deterrent the penalties and however vigorous a prosecution policy may be, tax-payers will not have respect for the laws so long as the fruits of tax evasion remain attractive and so long as honesty and hard work are at a discount.

In fact, it is found that in totalitarian countries where the death penalty is prescribed for violation of certain laws, like the foreign exchange law, citizens are not deterred by the death penalty and they use every possible means to convert their own currency into certain hard currencies.

History is replete with examples which have proved that whenever laws go contrary to human nature, then it is the laws which are invariably defeated. Therefore, the committee's recommendations for widening the scope for the levy of penalties and for a vigorous prosecution policy would be effective in the fight against tax evasion only if the rates of tax are reduced to such a level that an assessee feels that by disclosing all his income and wealth he can keep a reasonable amount for himself and that once the

rates are reduced it is not worth taking the risk of paying penalties and facing a prosecution.

India is the only country in the world where the agricultural sector is not called upon to contribute its share to the national exchequer.

The annual national income from agriculture is about Rs. 16,000 crores, while the non-agricultural sector generates a slightly larger amount of income.

The direct taxes collected from the non-agricultural sector amount to Rs. 857 crores, whereas agricultural income-tax levied by the States fetches only Rs. 13 crores. The land revenue collected from the agricultural sector comes to Rs. 113 crores.

Therefore, even if land revenue is treated as a part of direct taxation, the agricultural sector bears only 13 per cent of the total burden of direct taxes.

The Government's reluctance to tax the agricultural sector for political reasons has cast a heavy burden on the non-agricultural sector which is called upon to contribute heavier taxes year after year.

Secondly, agricultural income, which is exempt from tax under section 10(1) of the Income-tax Act offers plenty of scope for camouflaging black money.

In order to plug this loophole, as well as on grounds of equity and distributive justice, the committee has recommended that agricultural income should be subjected to a uniform tax more or less on par with the tax on other incomes.

Once agricultural income is brought within the ambit of taxation, the additional revenue gained will make it possible for the Government to reduce the rates of taxation, and both agricultural and non-agricultural sectors would contribute revenues to the exchequer from a larger slice of the national income.

At present there is no provision under our direct tax laws for compulsory maintenance of accounts. The result is that where accounts are not maintained, the Income-tax Officer makes a best judgment assessment.

The best judgment assessment is generally made on the basis of certain estimates and assumptions and as there is a tendency to protect revenue interests such assessments generally tend to be on the high side. The absence of books of account makes it difficult for assesseees to prove to the satisfaction of the Income-tax Officer their true income or profits.

Therefore, the committee's recommendation for compulsory maintenance of accounts in the case of business men and professionals whose income from business or profession exceeded Rs. 25,000 or where the turnover or sales or gross receipts exceeded Rs. 2,50,000, in any one of the immediately preceding three years, would be of benefit to the assesseees to a considerable extent.

Initially, a small business man who cannot afford to hire a full-time accountant, may find the work an additional burden, but in the long run the advantages of maintaining books of account would outweigh the initial difficulties and problems.

Though the committee has recommended that the type of books and records to be maintained should be left to the discretion of the assesseees, it would be better if the Central Board of Direct Taxes specifies the form in which the accounts are to be drawn up and the type of primary records that should be maintained.

The Department would also benefit by this provision since the maintenance of accounts would facilitate the acceptance of returns and would help the Income-tax Officer in finalising assessments.

The committee has further recommended that ledgers and cash books should be preserved for 16 years and other records for 8 years. This may cause undue hardship to small

assesseees and, therefore, the Commissioner should be given the discretion to reduce these periods in the case of certain assesseees who have consistently kept records on a proper basis and whose assessments have been finalised to the satisfaction of the Department.

Together with the provision for compulsory maintenance of accounts, the committee has also recommended the compulsory audit of accounts in the case of business men and professionals where the taxable income or profits exceed Rs. 50,000 or where the gross receipts, turnover or sales exceed Rs. five lakhs.

The committee is of the view that this would considerably facilitate the administration of tax laws, because audit would ensure that books and records are properly maintained and that they fully reflect the tax-payer's income; it will also be beneficial for the Department as considerable time would be saved which is at present taken up in carrying out routine verifications.

Though this proposal would be welcomed by chartered accountants, on second thoughts which would not only be better but perhaps sadder, it will be realised that not only the scope of the audit is extremely wide, but a very onerous liability will be cast on auditors. In fact, the auditor will have to put himself in the shoes of the Income-tax Officer and the audit would turn out to be a primary assessment.

Moreover, the auditor will not be able to rest content with merely examining the documentary evidence for each transaction, but he will have to go behind each transaction and ascertain whether the expenditure is justified on grounds of commercial expediency and whether a receipt is on capital account or is revenue in nature.

Often the distinction between capital and income is so fine that it is impossible for the auditor to come to a correct conclusion. As one noted jurist put it, "In many cases the spin of a coin would decide the question of capital and income almost as satisfactorily as an attempt to find reasons."

Therefore, in such cases the auditor would be left with no alternative but to obtain a senior counsel's opinion in order to absolve himself from any liability.

Again, there is the possibility of a dishonest assessee maintaining two sets of account books. One would reflect the true profits or income and the other which is meant for income-tax purposes would be presented for audit.

Also, there is the possibility of certain transactions not being recorded at all or certain receipts being suppressed and, therefore, the auditor may not be in a position to detect tax evasion that would consequently result.

The auditor is also required to give detailed information in his audit report on various transactions and this would make it imperative for him or his qualified assistants to go through each and every transaction and the practice of carrying out test checks would have to be abandoned altogether.

Further, the committee has recommended that a uniform accounting year should be adopted and that such year should coincide with the budget year. If this recommendation is accepted by the Government, auditors may not be able to cope with the work as accounts of all assesseees would close on March 31 each year.

Each chartered accountant would then be able to deal with only a very limited number of audits since he will have to finish the audit by the prescribed time and he would be required to audit the accounts for tax purposes in great detail.

Hence the provision for compulsory audit of accounts would not only cast a very heavy liability on the auditors, but would limit the number of audits that each chartered accountant can handle independently.

The committee's recommendation for allotment of permanent account numbers to assesseees has already been accepted and the Department has started giving account numbers to all assesseees who are on its Register.

In the long run, permanent account numbers may prove very beneficial to the Department in its fight against tax evasion, especially if the records of the Department are computerised.

Once a computer is brought into use, it will be possible to make cross verifications and cross checks and this would make detection of tax evasion much easier.

The committee has further recommended that subsequently it should be made obligatory for assesseees to quote their account numbers while entering into specified transactions and when applying for a licence or a permit or opening a bank account.

However, the committee itself has noted that the system of allotting permanent account numbers is not fool-proof. This is because dishonest assesseees may intentionally quote wrong numbers which would make it impossible to trace them. Again, after obtaining permanent numbers some assesseees may not intimate change in their address or might give a wrong address.

There is also the possibility that once it is made mandatory for the assesseees to quote their permanent account numbers in the documents relating to certain transactions, it may result in an increase in the volume of transactions taking place off the record. This would, therefore, defeat the very purpose for which the system of allotting permanent account numbers is introduced.

Moreover, the Department should be sufficiently geared to handle the increased volume of work that would result with the allotment of permanent account numbers.

Besides, the possibility of inadvertent errors creeping in cannot be ruled out and both the assesseees and the Department would be prone to make mistakes in quoting or recording the account numbers.

The committee proposes to enhance the power of survey

given to the Income-tax Officers, to increase survey operations in the country in order to trace assesseees who already have taxable income but who have so far managed to escape the tax dragnet.

It may be noted that out of the total population of 56 crores the number of assesseees who are on the Registers of the Department is just 31 lakhs; in other words, only 0.6 per cent of the total population of India is subjected to income-tax.

By setting up more Survey Circles the Committee feels that all persons having taxable income or wealth will be brought on the Registers of the Department.

The work of collection, collation and dissemination of information is today carried out by Special Investigation Branches. However, the working of these Branches has proved to be far from satisfactory and, therefore, the committee has suggested that these Branches, which are to be renamed as Central Information Branches, should be suitably strengthened under the control of an Inspecting Assistant Commissioner.

Further, the Central Board of Direct Taxes should lay down each year a programme and specify targets for collection, collation and dissemination of information.

The committee has recommended that the Income-tax Officers should be empowered to obtain from banks information of a general nature, for example, names and addresses of parties having term or call deposits exceeding Rs. 50,000, etc.

This would not be of great help to the Department in detecting tax evasion because a depositor can avoid his name being reported to the Department by depositing less than Rs. 50,000 with each bank or with different branches of the same bank.

Many assesseees even today find the Forms of Income-tax Return extremely complicated. Therefore, the committee's

recommendation for making the Form of Return more elaborate by incorporating a schedule of exempted income, net wealth, personal expenditure and other outgoings, would make the Form more complicated and complex from the point of view of the layman.

Secondly, with such a large volume of information being fed to the Department, it will not be possible to make a discriminate use thereof.

It is all to the good that the committee (except for Mr. P. C. Padhi) has not recommended the reintroduction of the expenditure tax since past experience has shown that the revenue gained is extremely negligible as compared to the administrative difficulties arising in respect of the collection of this tax.

Secondly, at the present rates of income-tax, if an assessee pays all his taxes honestly, he has very little left to spend and, therefore, expenditure tax collected in the present circumstances would be extremely low.

The Committee's recommendation for compulsory acquisition of immovable properties in cases where sale deeds do not reflect fair market values has already been accepted by the Government and these provisions have been embodied in the Taxation Laws (Amendment) Bill, 1971.

The Committee has also recommended that at a later stage suitable provisions should be introduced to acquire immovable properties in cases of under-statement of the cost of construction.

The committee proposes to fight the evil of tax evasion and black money arising from transactions in ownership flats by amending the Transfer of Property Act, 1882, whereby ownership flats, whether acquired through the medium of co-operative housing societies or otherwise, would be deemed to be immovable property and the transfer of such flats would be required to be registered under the Indian Registration Act, 1908.

In order to do away with the evil of the "*pugree*" system, the committee has recommended that rent control should be lifted in respect of non-residential premises but that the control should remain in respect of residential premises.

It should be noted that proliferation of black money through transactions in immovable properties and ownership flats is directly related to the housing shortage prevailing in the country. As long as the housing shortage remains, the evil of black money and the "*pugree*" system will persist.

Therefore, it is absolutely necessary that the Government should make a determined effort to mitigate the housing shortage as much as possible by giving certain reliefs under the Income-tax law in order to give a boost to house-building.

In France, substantial incentives were given and for the first five years from the date of construction of house property the entire income from such property was completely exempted from tax where the rent charged by the landlord was below a certain minimum.

This gave a tremendous boost to house-building, especially in respect of moderately-priced flats used by middle-class citizens, and in a few years France succeeded in mitigating the housing shortage.

The committee has also recommended the tightening of the provisions of the Companies Act, 1956, in respect of blank transfer of shares by enacting that the instrument of transfer would be valid for a period of two months only from the date of its presentation to the prescribed authority.

However, the provisions of the Companies Act at present have been found to be adequate in dealing with abuses that arise from blank transfer of shares and, therefore, a further tightening of these provisions would only cause hardship to genuine shareholders.

In order to ostracise tax evaders, the committee has recommended that credit facilities should be denied to them.

A person who applies for credit facilities exceeding Rs. 25,000 at any one point of time should be required to give an affidavit to the effect that he has not been subjected to any penalty or prosecution for concealment of income or wealth during the immediately preceding three years.

However, it is found in practice that very often penalty is levied or prosecution proceedings are launched on frivolous grounds and it may take years before the assessee gets justice in appellate proceedings.

Therefore, till the appellate proceedings are completed the assessee would be at a great disadvantage as he would be denied all credit facilities.

Lastly, the committee has recommended that tax evaders who have been penalised or convicted for concealment of income or wealth should be disqualified for the purpose of getting national awards and from holding any public elective office for a period of six years. Moreover, it is proposed that they should be disqualified from acting as directors of limited companies for a period of six years.

To conclude, it may be said that most of the recommendations of the Committee are extremely useful and if they are implemented in earnestness, they would mitigate the magnitude of tax evasion to a considerable extent.

But if the real problem is to be solved, the Government should create an atmosphere in the country where there is a positive disincentive to the creation of black money.

This can be done only by reducing the tax rates so that hard work and honest enterprise become truly rewarding and a citizen feels encouraged to work harder and enrich the exchequer in his own little way.

The views expressed in this booklet are not necessarily the views of the Forum of Free Enterprise.

"People must come to accept private enterprise not as a necessary evil, but as an affirmative good."

- Eugene Black

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