

CONFIDENTIAL

BRIEF NOTE

ON

BLACK MONEY-

ITS RECOVERY AND
UTILIZATION

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ECONOMY TIPS:

SOME OF THE FOLLOWING POINTS CAN BE ACHIEVED IN FIRST 200 DAYS.

Focus must be to bring in more money in the system and reduce dependence on the external lending agencies.

INDIA DEVELOPEMENT BONDS:

Govt of India should issue 10/15/20 years Indian Rupee bonds to mop up savings of NRI's. Tax free 7 or 8 percent return could be offered. Such bond money should be utilized to pay off external debts.

Money invested in these bonds should go to infra development, and improving defence preparedness.

DURATION 120 DAYS.

GOLD BONDS:

Gold bonds should be issued to put the public gold for the benefit of the nation. Maturity period should be 10 years.

People in India have gold in abundance. Gold value should be assessed and be deposited with govt under gold bond. Govt should be liable to give them interest against their deposit. This will boost Indian rupee value as tons of gold will be deposited in the Reserve Bank of India. People will be given back their gold after 10 years.

Put out a scheme of issuing gold bond to general public wherein people can deposit their coins, medallions and biscuits in deposit with the govt for a 10/15/20 year period. This deposit should attract 4% interest per annum. The gold loan companies can also be roped in the sense that they can accept jewellery and other kinds of gold from general public and in lieu of that gold they can deposit equivalent value of biscuits, medallions with the

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govt. After the maturity period they will get their medallions back and they will return the gold jewellery to the concerned person. The depositor will get 4% interest and the gold lending agency will get 1.0% per year handling charges. The bank with whom this lending agency will be attached will get 0.5% per year handling charges.

Gold bond should be a pledge able document in the hand of depositors, so that he can get up to 70-80% money as loan against these documents from any bank in case of need.

INR will strengthen and our oil import bill would come down thus helping the economy. Major part of our trade is import of oil hence it will be now cheaper. Oil bill will fall.

Validity 180 Days.

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DOMESTIC BLACK MONEY SCENE:

DIG OUT EARLIER MONEY:

Voluntary disclosure scheme for domestic black money should be taken out with very simple formality to bring out the domestic black money.

People bring in their cash PHYSICALLY to the bank, any amount and no questions will be asked. Fill up a simple form indicating the name and Pan no and station for which the DD or pay order is to be prepared.

50% of the domestic black money thus deposited with the bank should go to govt. in tax collection receipt and 50% will go to the depositor's account.

The key for success of this that no questions will be asked and no verifications will be done and no tax hounds will go after accounts in which this money is deposited.

Scheme validity 120 days.

PLUGGING LOOP HOLES:

Change the management of 2 major private banks. These two banks are involved in money laundering in a big way. Names can be disclosed, if so desired.

PREVENT FURTHER GENERATION:

The maximum rate of personal or corporate tax should be maximum 20%. This will avoid the need to generate black money. Govt. can be entitled to keep a reasonable portion of someone's earning and not the whole of it.

Unsecured loans in the Companies, should be stopped or capped as per the turnover of the company. Shelf companies' route for unsecured loan should be curbed.

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Bank account should be dynamically linked with pan number or Aadhar card no. to detect black money or suspicious transactions immediately.

Also the property registration offices should be computerised and linked with Aadhar/Pan card.

Aadhar/ pan card number of a family should be clubbed to see the transactions in the family.

To curb generation of black money in tender allotments, all govt. purchases or awarding of contract should go on e-bidding process. Once the bidders are shortlisted through careful process then the bidding should be electronic. Only the short listing should be manual but in a transparent manner through well laid out norms.

CURBING USE OF BLACK MONEY:

Housing and Infra build:

Builder and infrastructure sector should qualify as industry and should qualify for bank loans to avoid black money induction in this sector.

Film Industry:

Films should also get banks funding easily to avoid black money induction through films.

Property:

To prevent use of black money in properties, the solution is double the collector rates but half the stamp duty.

Collector rate for properties should be determined on the basis of market rates and inputs from websites of brokerage companies, and not on the basis of historical data of averaged rates of past sale deeds. Because they reflect only almost half prices.

Also the collector/circle rates should be reviewed more frequently.

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PRESSURE POINTS:

Immediately put a stop to present currency notes of Rs. 500 and 1000 at the earliest and give people reasonable time to convert their currency to the new color notes and set up a cut off line after which the present black money stored domestically will be nullified and reduced to zero.

Implementation in 365 Days.

BLACK MONEY STASHED ABROAD:

Black money stashed abroad should be brought back to India.

HOW TO BRING IT BACK:

A general amnesty scheme should be announced and such money should be brought back by paying 50 percent flat taxes.

In such cases, people will do anything possible to save their dignity and name. Hence, confidentiality should be promised to them in return for bringing back money.

Money can be brought to Indian Designated Banks in overseas countries either by wire transfer, or physically, in form of foreign currency or Indian currency.

No questions asked.

Indian govt bank branches abroad should accept that money.

Scheme validity 180 days.

Either 50: 50 scheme, ie pay 50% tax and keep the balance 50%.

Alternately, deposit 100% money with Govt. in **India Development bonds** without any interest bearing deposit with 7/10 years lock in period.

The bonds should be of two types. Bonds with complete disclosure can bear interest while, bonds without disclosure should be interest free.

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Give them 180 days to comply with, failing which Defence of India rules should be invoked against them and the money declared as Enemy Property and confiscated.

Also, Black money owners should face immediate arrest if money is not brought back. Also, they should be tried under treason charges if they don't comply within given time frame.

Twisting the arms of some big shots will produce immediate results and smaller ones would fall inline.

We should have a target to collect Rs.10 ten Lac crores from these measures collectively.

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JUMP START THE ECONOMY WITH THE HELP OF THIS MONEY:

SCHEMES FOR UTILIZING/ INVESTING THIS MONEY:

- Agriculture sector Fund
- Develop a venture capital fund for SSI
- Infrastructure development fund for infra development.
- War chest to improve the energy/minerals security of the country

All the above funds be initiated with a seed funding of around one lac crores each.

This would give boost to economy, bring down prices, generate tremendous employment through sectoral boost.

If still some money is left then, charity can be done with that money.

- ***Fund for agriculture sector-***

Massive boost should be given to this sector; they can be provided indirect subsidies in the form of diesel, sprinkler system, pesticides, bio fertilisers, and crop subsidies.

We boost agriculture sector so that we grow crops with higher value addition for exports.

Money can also be used in reviving rivers using check dams and reforestation. Unchecked water pouring into sea is of no use but

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water checked by dams and trees is useful. Rainwater harvesting should be promoted in a big way.

- ***Develop a venture capital fund for SSI:***

We should develop a venture capital fund for MSME which can supports small scale entrepreneurs (Those who have ideas but no capital).

After battle of plassey, Britishers shipped Indian money and as a result there was industrial revolution in Britain. People had ideas but no capital. Ideas took shape of reality, when capital was invested. Employment of people will take place on large scale.

Indian companies should be supported; so as to invest in companies in poor European countries. This way they would get an easy access to European markets for exports.

Skill development in people on large scale- by building specialised universities and colleges.

When there is skill, people prosper, Country prospers.

- ***INFRASTRUCTURE DEVELOPMENT FUND FOR INFRA DEVELOPMENT.***

We should invest heavily in infra projects so that economic growth thereafter can generate business and the industrial growth can generate tax and employment as well.

Invest in maintenance of roads, ports, transportation, and generating electricity. This will massively boost up Indian economy.

The employment will get a boost and also economy will get a boost.

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- **WAR CHEST FOR IMPROVING ENERGY AND MINERAL SECURITY OF COUNTRY:**

War chest should be set up under control of PMO only and should be supervised by MOS rank person independent charge.

STC, MMTC, NMDC, INDIAN OIL CORPORATION, ONGC Videsh Ltd., Coal India Ltd., similar companies should be the members of this Group. They should be empowered to invest up to Rs.500 Crores without cabinet's approval. This money may be withdrawn from war chest on an interest rate of 4%. This money should be invested in acquiring oil and gas fields, copper, tin, nickel and other mineral mines, coal mines abroad. This would secure the energy and minerals sector to a great extent.

Indian Oil and other govt companies should be supported by war chest to process sour crude oil and other inferior oils. They should set up refineries near sea shore and process sweet to sour crude and from light to heavy crude oil. A massive boost to acquisition of oil and gas fields coupled with setting up new as well as upgrading the existing refining capacity to take up all types of crude oil refining capacity is needed.

Money withdrawn from war chest by these Companies should be returned to war chest in 10 years. In that way, war chest is recovered back.

We should also help other countries financially through war chest. And in return can gladly acquire some mineral resources of that country. If we propose to build a road in another country by investing a certain amount of money, in return we can acquire few mineral resources as well.

Indian coal is used for energy production but it has a greater ash content as compared to Australian and South African coal. Instead of buying coal from there, we should acquire those coal fields.

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INTERNATIONAL OIL/ MINERALS POLICY:

Though, we're keen on improving our relations with neighbours.

Instead of blindly dumping money in other countries like Afghanistan, we should ask for mineral rights in return.

Burma has abundant minerals. We should improve our relations with the Military Junta as well as the opposition. We should acquire their minerals rights too by establishing strong relations with them.

Same goes for Sri Lanka. In addition to minerals we should look from our security angle and Tamilian Brothers angle as well.

We should lay down pipeline from Iran through Afghanistan and Pakistan. Instead of paying Iran in cash, we can export them food stuff or have barter trade.

We should invest in Antarctica. There are abundant minerals there.

Do not allow FDI or ingress of Chinese companies in the sensitive sectors like defence, telecom and infra projects.

We must capture and take controlling interests in the mineral and oil wealth of Africa and other continents through strategic partnerships and Joint ventures. This will improve our energy security.

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