

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:85

ANSWERED ON:05.08.2011

BLACK MONEY

Barq Shri Shafiqur Rahman;Singh Shri Rajiv Ranjan (Lalan)

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has estimated or proposes to make an estimation of the amount of black money reported to be in circulation in the country and stashed in foreign countries;
- (b) if so, the details thereof;
- (c) whether some of the countries including Switzerland have agreed to share the information with the Indian Government regarding the amount of money and names of persons, corporates and other legal entities who have stashed such money in their banks;
- (d) if so, the details thereof;
- (e) whether the Government proposes to amend the existing Double Taxation Avoidance Agreement (DTAA) with various countries including Switzerland;
- (f) if so, the details thereof; and
- (g) the measures taken / proposed to be taken by the Government to bring back black money alongwith the success achieved thereof?

**Answer**

To be answered by the Minister of Finance (Shri PRANAB MUKHERJEE)

(a) to (g): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.85 FOR REPLY ON 05.08.2011

(a) & (b): Yes, Sir. The Government has commissioned a study to estimate the quantum of unaccounted income / wealth inside and outside the country and its ramifications on national security on the basis of the recommendations of the Standing Committee on Finance. The study will be conducted separately by three national-level institutes namely, National Institute of Public Finance and Policy (NIPFP), National Institute of Financial Management (NIFM) and the National Council for Applied Economic Research (NCAER). Memorandums of Understanding (MoUs) have been signed with the Institutes on 21.03.2011. The study is expected to be completed in a period of 18 months.

(c) & (d): Many countries / jurisdictions are willing to share banking information in specific cases with India under the Double Taxation Avoidance Agreement (DTAA) / Tax Information Exchange Agreement (TIEA) for tax purposes. However, ho fishing or roving enquiry is permissible.

(e) & (f): So far Government has concluded negotiations of 16 new TIEAs, 18 new DTAAAs and 21 existing DTAAAs, in last two years, with various countries/ jurisdictions. All these DTAAAs and TIEAs have provision for effective exchange of information in accordance with the international standards. The Amending Protocol between India and Switzerland, which seeks to amend the existing DTAA between the two countries, was signed on 30th August 2010 at New Delhi and is ready to enter into force from the Indian side. The amending Protocol will, however, enter into force only after Switzerland completes its internal processes. Upon entry into force, the amended Protocol will allow India to obtain banking information, as well as information without domestic interest, from Switzerland in specific cases for a period starting from 1st April 2011.

(g): To get back the black money to the country, a five pronged strategy has been formulated by the Government which is summarized as under:

- a. Joining the global crusade against `black money`;
- b. Creating an appropriate legislative framework;

- c. Setting up institutions for dealing with illicit funds;
- d. Developing systems for implementation; and
- e. Imparting skills to the manpower for effective action.

Information regarding details of asset and payments received by Indian citizen in several countries has started flowing in which is now under different stages of processing and investigation. In large number of specific cases information has been obtained under DTAA's. In the cases of money kept by Indian residents in a Liechtenstein bank, tax, interest and penalty equal to nearly the amount kept abroad has been levied and some of it already recovered. Prosecution for tax evasion also been initiated in these cases.

Directorate of Transfer Pricing has detected mispricing of Rs. 34,145 crore in last two financial years as against mispricing of Rs. 14,655 crore in earlier five years. Directorate of International Taxation has collected taxes of Rs. 33,784 crore from cross border transactions in last two financial years. Investigation wing of CBDT has detected concealed income of Rs. 18,750 crore in last two financial years.