

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5898

ANSWERED ON:11.05.2012

ESTIMATION OF BLACK MONEY

Ganpatrao Shri Jadhav Prataprao; Rama Devi Smt. ; Shetkar Shri Suresh Kumar; Tomar Shri Narendra Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether there is constant rise in the generation of black money in the country;
- (b) if so, the details thereof indicating the sectors and areas identified from the generation and transaction point of view of black money;
- (c) whether the Government has an estimate or proposes an estimate of quantum of black money existing in the country;
- (d) if so, the details thereof;
- (e) the amount of black money seized by the Government during last three years along with its utilisation in the welfare schemes;
- (f) the involvement/connivance of officials/agencies noticed in generation of black money and the action taken/to be taken against them; and
- (g) the concrete measures taken/ proposed to be taken to check constant rise in black money along with keeping a strict vigil and strongly enforce/implement the measures being undertaken to trap tax evaders?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

- (a) There is no credible information to suggest that there has been a constant rise in the generation of black money. The increase in direct tax collection of over 6 times in the last ten years, i.e. FY 2001-02 to FY 2010-11, and growth of nearly 2 times in the Direct Tax to GDP ratio in the same period indicates better tax administration and improved tax compliance.
- (b) Does not arise in view of reply to part (a) above.
- (c) The Government does not have an estimate of quantum of black money existing in the country. However, on the basis of the recommendations of the Standing Committee on Finance, the Government has commissioned a study by three national-level institutes, namely
 - (i) National Institute of Public Finance and Policy (NIPFP),
 - (ii) National Institute of Financial Management (NIFM), and
 - (iii) National Council for Applied Economic Research (NCAER) to estimate the quantum of unaccounted income / wealth inside and outside the country and its ramifications on national security.
- (d) The study is expected to be completed by September, 2012.
- (e) Since April 2009, the Income Tax department has seized undisclosed assets worth Rs.2,644.08 crore domestically. However, unaccounted income detected in the period was over Rs 45,000 crore through invasive actions. The assets seized are adjusted against the tax demand raised consequent to finalization of the assessment proceedings.
- (e) Whenever credible information about connivance/involvement of officers/agencies in generation of black money is noticed, it is communicated to the relevant authority to take appropriate action in accordance with the law.
- (g) Drive against tax evasion is a continuous and ongoing process. The Income Tax Department takes several punitive and deterrent steps to unearth unaccounted money and curb tax evasion. These include scrutiny of tax returns; surveys, search and seizure actions; imposition of penalty; and launching of prosecution in appropriate cases. Information technology is used in a systematic way for collection and collation of information to take anti-evasion action against tax evaders. The Government has also framed a comprehensive five-pronged strategy in order to bring back the country's money illegally stashed abroad. The strategy comprises of:
 - (i) Joining the global crusade against 'black money';
 - (ii) Creating an appropriate legislative framework;

- (iii) Setting up institutions for dealing with Illicit Funds;
- (iv) Developing systems for implementation; and
- (v) Imparting skills to the manpower for effective action.