

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4801

ANSWERED ON:07.08.2009

BLACK MONEY

Dhotre Shri Sanjay Shamrao;Ganpatrao Shri Jadhav Prataprao;Naik Dr. Sanjeev Ganesh;Sivasami Shri C.

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

(a) whether the Central Vigilance Commissioner has suggested that the Government should consider a three-phased integrated approach to get rid of black money in the country;

(b) if so, the details thereof; and

(c) the reaction of the Government thereon?

**Answer**

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

(a) & (b): Yes, Sir. The then Central Vigilance Commissioner in a paper, in 2001, suggested a three-phase strategy to tackle black money as follows:-

(i) Phase I - Strengthen the legal framework against black money hoarders.

(ii) Phase II - Give a window of opportunity to black money hoarders to come out in the open after paying appropriate income tax.

(iii) Phase III - Ruthless and widespread application of the legal framework designed in phase-I

(c): The Government has taken the following steps on these suggestions:

(i) FM has declared in the Budget Speech 2009-10 that Government proposes to pursue structural changes in Direct Taxes by releasing the new Direct Taxes Code:

(ii) Initiated simplification of Indirect Tax Laws with reduction of discretion as an objective.

(iii) The scope of the Authority for Advance Rulings in indirect taxes was enlarged in 2005 to cover wholly owned subsidiary Indian companies having foreign holding companies and also Indian residents who belong to a category of persons notified by the Central Government.

(iv) The Prevention of Money Laundering Act, 2002 has been brought into force w.e.f 1.7.2005 and investigations /prosecutions under the Act are being vigorously pursued. Further the Prevention of Money Laundering (Amendment) Act 2009 has inter-alia included Customs duty evasion as well as evasion of prohibitions under the Customs Act as a scheduled offences under PMLA.

(v) The income Tax Department has taken several punitive and deterrent steps to unearth black money. These include scrutiny of returns, surveys, search & seizure action, imposition of penalty and launching of prosecution in appropriate cases. Among other efforts to unearth black money, Tax Information Network (TIN) has been set-up as depository of important tax related information which can be assessed by the Department. Information as regards suspicious transactions and large cash transactions, as disseminated by the Financial Intelligence Unit, India (FIU-IND) is also investigated by the income Tax Department.

However, there is no proposal at present for bringing a disclosure scheme for black money.