

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1913

ANSWERED ON:08.03.2013

PANEL FOR BLACK MONEY

Abdulrahman Shri ;Owaisi Shri Asaduddin;Thakur Shri Anurag Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether the black money exceeds 10 per cent of the GDP of the country;
- (b) if so, the steps being taken by the Government to recover this money;
- (c) whether this black money is reportedly generated through tax evasion using transfer pricing;
- (d) if so, the steps taken by the Government to address the issue;
- (e) whether the Government has disclosed the reports on black money by National Council for Applied Economic Research (NCAER), National Institute of Financial Management (NIFM) and National Institute of Public Finance and Policy (NIPFP); and
- (f) if so, the details thereof and if not, the reasons therefor along with the time by which the said reports are likely to be disclosed?

Answer

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

(a) There is no official estimate in this regard. However, the Government has commissioned a study, inter alia, on estimation of unaccounted income and wealth both inside and outside the country. The study is being conducted by three institutes - National Institute of Public Finance and Policy (NIPFP), National Council of Applied Economic Research (NCAER) and National Institute of Financial Management (NIFM) separately. The study reports are yet to be submitted by these institutes.

(b) Does not arise in view of reply to part (a) above. However, drive against tax evasion is an ongoing process and appropriate action under Direct Taxes laws including levy of penalty and launching of prosecution are taken on detection of cases of tax evasion. The Government has taken various steps under a multi-pronged strategy which includes creating an appropriate legislative framework; setting up institutions to deal with illicit funds; developing systems for implementation; imparting skills to the manpower for effective action; and joining the Global crusade against black money, legislative measures taken through the Finance Act, 2012 in this regard include introduction of provisions requiring reporting of assets (including bank accounts) held outside the country; reopening of assessments up-to 16 years for taxing undisclosed assets (including bank accounts) kept outside the country; strengthening of penal provisions in respect of search cases; expansion of the ambit of tax collection at source (TCS) to cover certain more vulnerable items / sectors. India has been renegotiating its Double Taxation Avoidance Agreements (DTAAs) with other countries to bring the Article on Exchange of Information to International standards, and has also been expanding its treaty network by signing new DTAAs with many other countries and by entering into Tax Information Exchange Agreements (TIEAs) with many tax jurisdictions in its effort to facilitate the exchange of information and to bring in tax transparency. It has also become a member of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters in 2012. Various steps have also been taken to improve intelligence gathering mechanism of the Department. These steps have equipped the Government better in tackling the menace of tax evasion.

(c) Does not arise in view of reply to part (a) above. However, black money is generated through various means including tax evasion using transfer pricing.

(d) Does not arise in view of reply to part (c) above. However, Government has taken various measures to address the issue of tax evasion as illustrated in reply to part (b) above.

(e) As stated in reply to part (a) above, the final reports in respect of the study being conducted by these institutes are yet to be received in the Ministry.

(f) The study reports are still in the process of finalisation by the respective institutes. These are likely to be received in the Ministry by the end of April, 2013. After submission of the study reports by the three Institutes, the study reports would be examined by the Government for necessary action.