

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2467
ANSWERED ON:25.07.2014
BLACK MONEY
Venkatesh Babu Shri T.G.

Will the Minister of FINANCE be pleased to state:

- (a) the estimated amount of black money in circulation in the country at present;
- (b) whether black money circulation in the country is increasing continuously in the last few years;
- (c) if so, the reasons therefor;
- (d) the difficulties being faced by the Government to unearth the huge circulation of black money in the country; and
- (e) the concrete steps taken by the Government to check the same in the country?

Answer

MINISTER OF STATE FOR FINANCE (SMT. NIRMALA SITHARAMAN)

- (a) Presently, there is no estimate of Government in respect of the quantum of black money in circulation in the country.
- (b) In the last three financial years, direct tax collections of the Government have been increasing with annual growth rates of 10.76%, 13.10% and 14.29% in financial years 2011-12, 2012-13 and 2013-14 respectively. Direct tax to GDP ratio has also been showing rising trend and the same has been 5.48%, 5.52% and 5.62% for these financial years respectively. These trends do not appear to suggest that tax evasion has been on rise during the period.
- (c) Does not apply in view of reply to part (b) above.
- (d) Challenges being faced by the Government in this regard include vast presence of cash economy and unorganized sector; credible and common identification number for Indian residents; credible, comprehensive and integrated database of persons/entities and their financial transactions; integration of databases of central and state government agencies dealing with financial matters; sensitizing the society at large for voluntary payment of due taxes which are essential for nation building; improving the delivery of public services and facilities with a view to enhance positive motivation for tax compliance.
- (e) Drive against tax evasion is an ongoing process. Appropriate action under direct tax laws is taken whenever any instance of tax evasion is detected. The Government has taken various steps under a multi-pronged strategy which includes the following: (i) Creating an appropriate legislative framework; (ii) Setting up institutions to deal with illicit funds; (iii) Developing systems for implementation; (iv) Imparting skills to the workforce for effective action. Besides several administrative measures, legislative measures have also been taken including through the Finance Acts of 2012 and 2013 and the recently introduced Budget 2014-15. Further streamlining and strengthening of the enforcement mechanism has been done with a view to achieve the desired objectives of creating effective deterrence and improving voluntary compliance of tax laws.