

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2533
ANSWERED ON:25.07.2014
GFI RESEARCH ON BLACK MONEY
Thakur Shri Anurag Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Washington based research and advocacy organisation Global Financial Integrity (GFI) has found that India ranks fifth in a list of countries which export black money accumulated through crime, corruption and tax evasion from the year 2002 to 2011;
- (b) if so, the details thereof along with the action plan of the Government to bring back the black money stashed away in foreign banks by persons of our country;
- (c) the efforts made by the Government so far to check generation of black money in the country and stop illegal sending of money abroad and the results achieved therefrom; and
- (d) the time by which this practice is likely to be stopped completely and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN)

(a) and (b): The GFI in a report published in December, 2013 available at www.gfintegrity.org have estimated Illicit Financial Flows from Developing Countries during the period 2002 – 2011 in which India has been ranked at the fifth place.

The steps taken to bring back black money in the country which has been stashed away in foreign banks include (i) Setting up of a Special Investigation Team (SIT), Chaired and Vice-Chaired by two former judges of the Hon'ble Supreme Court, to unearth black money stashed abroad (ii) Joining the global efforts to combat cross-border global tax evasion and tax fraud and to promote international tax compliance, including supporting the implementation of a uniform global standard on automatic exchange of information, on a fully reciprocal basis, to address the problem of taxpayers hiding their money in offshore financial centres and tax havens through multilayered entities with non-transparent ownership (iii) Taking appropriate legislative measures such as reporting of assets (including bank accounts) kept outside the country (iv) Renegotiation of Double Taxation Avoidance Agreements (DTAAs) with other countries to bring the Article on Exchange of Information to International Standards and expanding our treaty network by signing new DTAAs and by entering into Tax Information Exchange Agreements (TIEAs) with many tax jurisdictions to facilitate the exchange of information and to bring transparency (v) Joining the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (vi) Proactively engaging with foreign governments for exchange of information under the provisions of DTAAs/TIEAs/Multilateral Convention (vii) Effectively utilizing the information received from treaty partners to combat tax evasion and avoidance (viii) Conducting training and sensitization programmes for the officers of the tax department for making requests in appropriate cases to our treaty partners, etc.

(c): Drive against tax evasion and efforts to check generation of black money in the country is an ongoing process. Appropriate action under direct tax laws including assessment of income, raising tax demand, levy of penalty and prosecution in appropriate cases is taken. Various measures to further strengthen the systems and processes have equipped the Government better in tackling the menace of tax evasion.

(d): Considering the nature of the menace, the drive against it is an ongoing process.