

Black Money in Circulation

*4. **SHRI TARIFF SINGH:** Will the Minister of FINANCE be pleased to state:

(a) the estimated black money in circulation at the end of 1990 as compared to the year 1989;

(b) the overall impact of the parallel economy on the fiscal structure of the country;

(c) the estimated black money generated annually through evasion of various taxes, smuggling of various contraband items and hoarding and selling of various commodities in the black market;

(d) the deficiencies in various measures taken to curb the growth of black money; and

(e) the steps proposed to be taken by the Government in this direction?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (e). There is no official estimate of the amount of black money in circulation in the country. The National Institute of Public Finance & Policy in their report titled "Aspects of the Black Economy in India" have estimated the black money generated in the year 1983-84 between Rs. 31,584 to Rs. 36,786 crores. The authors have, however, admitted that their estimate is based on numerous assumptions and approximations, each of which can be challenged. No estimate of the quantum of black money in circulation in the country has been attempted thereafter.

Black money generation has an adverse effect on economy such as fuelling inflation and conspicuous consumption and undermining the equity of the tax system. It also leads to distortion of Government's planning regarding investments as black money may be invested in non-priority sectors.

Black money is tax evaded income which may be derived from any economic whether legal or illegal. Income from illegal activities such as smuggling of contraband items and hoarding and selling of commodities in black market is not disclosed to the income-tax authorities and consequently results in generation of black money. However, it is not possible to make an estimate of the tax evaded income arising from legal or illegal activities separately.

The causes underlying the phenomenon of generation of black money are deep rooted in the economy. Some of the causes that have been identified, include, inter-alia, structure of taxation, complexity of economic controls, deterioration in moral standards, inflation and weak deterrence against tax evasion. Changes in economic policies such as lesser bureaucratic controls and delicensing have been effected which help in reduction of black money generation. Other measures taken are streamlining of tax rates and strengthening of the enforcement machinery to improve tax compliance. Evolving of steps in this direction is a continuous process. Necessary legislative and administrative steps as deemed appropriate are taken from time to time.

Income Tax Raids in Capital

*5. **SHRI R.M. BHOYE:**
SHRI MANIKRAO HODLYA
GAVIT:

Will the Minister of FINANCE be pleased to state:

(a) whether raids were conducted by the Income-tax Department in and around the capital during January, 1991;

(b) if so, the details of each raid including those made on the petrol pumps;

(c) the outcome of each raid; and

(d) the action taken or proposed to be taken in each case?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes, Sir.

(b) to (d). Statement containing details of searches conducted by the Income-tax Department in and around Delhi during the month of January, 1991 is attached. Appropriate follow-up action is taken in each case.

STATEMENT

Details of cases where searches were conducted in and around Delhi during the Month of January, 1991

Sl. No.	Name of the case	Nature of business	Date of search	Value of assets seized (Rs. in lakhs)
1	2	3	4	5
1.	Narinder Kumar/Madan Lal & others	Manufacturing of PVC chappals and hiring of tables	8.1.91	2.05
2.	Smt. Minati Mishra Orissa Stevedores (P) Ltd.	Stevedores	9.1.91	Nil
3.	Shri Gian Gupta & Others, M/s Rakesh Filling Station	Running of petrol pumps, leasing and financing	14.1.91	41.37
4.	Shri J.C. Chawla	Manufacturing of soap	14.1.91	2.00
5.	Shri W.N. Kochhar & others, M/s Kochhar Transport, Carrier (P) Ltd.	Freight carrier	15.1.91	5.13
6.	Shri Pavan Kumar Chawla Shri Raj Kumar & others, M/s Ganesh Das & Co.	Manufacturing and sale of PVC sheets	18.1.91 & 19.1.91	27.51
7.	M/s Indpro Distributors	Dealing in paper and card board	17.1.91	Nil

Sl. No.	Name of the case	Nature of business	Date of search	Value of assets seized (Rs. in lakhs)
1	2	3	4	5
8.	Shri A.K. Khanna	—	17.1.91	1.90
9.	Mrs. Geeta Chopra	Automobile dealer	21.1.91	Nil
10.	Shri Gurubax Singh	Dealing in plastic	29.1.91	2.20
11.	Bodh Raj Nagpal & others	Property dealers and builders	29.1.91	4.60
12.	Shri Mahesh Kumar Gupta & others	—do—	29.1.91	28.69
13.	Shri Kamal Kishore & others	—do—	29.1.91	16.66
14.	Shri R.K. Dhingra & others M/s Khanna Motors	Property dealer and dealer in auto parts	29.1.91	0.35
15.	Shri Vasudev Manchanda & others	—do—	29.1.91	1.83

Searches were also conducted in the following cases in continuation of the searches conducted in earlier months

Sl. No.	Name of the case	Nature of business	Date of search	Value of assets seized (Rs. in lakhs)
1	2	3	4	5
1.	U.S. Sitani & others	Chartered accountant, real estate, wholesale buyer of cigarettes	3.1.91	Nil
2.	Thakurdas Bhatia & others	Finance broker	3.1.91	Nil
3.	Sri Rakesh Kumar Agarwal & others, M/s Gulmohar Estates Ltd., M/s Apogee Investment Ltd.	Real estates, hotel and cigarette dealership	8.1.91	2.24
4.	—do—	—do—	10.1.91	1.16
5.	Shri Bhimsen Gupta & others, M/s R.K. Cable House	Manufacturing of electric cables	9.1.91	5.85
6.	Shri Gulshan Rai	Advocate	10.1.91	1.16
7.	M/s Delhi Watch Emporium	Dealer in watches	16.1.91	17.87
8.	Shri S.C. Jain, D.C. Jain & others, M/s Gulshan Toys, M/s Raja Toys	Manufacture of toys	11.1.91	Nil
9.	M/s Bhagwandas Khanna & others	Jewellers	14.1.91	Nil

Sl. No.	Name of the case	Nature of business	Date of search	Value of assets seized (Rs. in lakhs)
1	2	3	4	5
10.	M/s Continent Pump and M/s Mahabir Export Import (P) Ltd., Ghaziabad	Manufacturing of pumps	14.1.91	5.23
11.	S.C. Jain, D.C. Jain & others, M/s Gulshan Toys, M/s Raja Toys	Manufacturing of toys	16.1.91	Nil
12.	M/s Sikand & Co.	Automobile dealer	15.1.91	2.55
13.	---do---	---do---	22.1.91	0.40
14.	M/s. Vikas Motors (P) Ltd.	Automobile dealer	24.1.91	147.70 (FDR)
15.	M.C. Gupta, S.B. Gupta, M/s Delhi Watch Emporium	Dealer in watches	24.1.91	Nil
16.	M/s Classic Motors (P) Ltd.	Automobile dealer	30.1.91	24.50 (FDR)