

in conveying our condolences to the bereaved families.

The House may now stand in silence for a short while as a mark of respect to the deceased.

*The Members then stood in silence for a short while*

## ORAL ANSWERS TO QUESTIONS

[English]

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\*365. SHRI LAKSHMAN MALLICK:  
SHRI CHINTAMANI JENA:

Will the Minister of FINANCE be pleased to state:

(a) the quantum of black money which is in circulation in the country as on 31 March, 1989 as per the assessment of his Ministry;

(b) to what extent Government have been able to mop up the estimated black money with the existing measures; and

(c) what further steps Government propose to take to net the balance amount of black money?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI A.K. PANJA): (a) to (c). A Statement is given below.

### STATEMENT

(a) There is no official estimate of the amount of black money in circulation. The

National Institute of Public Finance and Policy in their report titled 'Aspects of Black Economy—in India' have estimated the amount of black money for 1983-84 between Rs. 31,584 to 36,786 crores. The authors have, however, admitted that their estimate is based on numerous assumptions and approximations, each of which can be challenged.

(b) and (c). Combating tax evasion is a continuous exercise. The Government takes necessary legislative and administrative measures as deemed appropriate from time to time to curb generation, growth and use of black money. Some of the measures taken by the Income-tax Department are as under:—

- (i) Systematic survey operations;
- (ii) Search and seizure operations in appropriate cases;
- (iii) Verification of information by Central Information Branches in a planned manner;
- (iv) In-depth investigation in a selected number of error-prone cases; and
- (v) Pre-emptive purchase of immovable property by the Central Government under the provisions of Chapter XXC of the Income-tax Act, 1961 in certain notified cities.

During the course of searches conducted by the Income-tax Department, the value of *prima-facie* unaccounted assets seized and the amount of concealed income surrendered therein for the last 2 years and the current financial year are as under:—

Year	No. of searches conducted	Value of assets seized (Rs. in crores)	Amount of concealed income surrendered (Rs. in crores)
1987-88	8464	145.02	147.49
1988-89	7505	152.70	249.35
1989-90	952	24.22	24.21
(upto to 30.6.89)			

Upto 30-6-1989, orders for purchase of immovable properties by the Central Government have been made in respect of 322 properties for a total apparent consideration of Rs. 111,04,77,489 under the provisions of Chapter XXC of the Income-tax Act. Out of these properties, 109 properties have been sold in public auction for Rs. 53,55,14,111 as against the apparent consideration of Rs. 39,25,28,100 resulting in gain of Rs. 14,29,86,011 to the Government.

Besides the above, undisclosed income may also be detected during the survey operations and assessment proceedings.

**SHRI LAKSHMAN MALLICK:** Sir, I have gone through the statement laid on the Table by the hon. Minister. We all know the role of blackmoney. The blackmoney has an adverse effect on our economy, specially in the part of the unaccounted money. It is true that quite a large part of blackmoney generated in India is deposited in the foreign banks. The Government should be very firm in controlling the blackmoney.

I would like to know from the hon. Minister what are the areas and important factors which have generated such blackmoney.

**SHRI A.K. PANJA:** The factors which appear to be mainly responsible are: firstly income that has been received either openly or covertly while participating in the production of goods and services. Secondly, capital receipts on sale of goods; thirdly fixed income formation in the public sector, fixed capital formation in the private corporate sector; exports and imports. There are certain other illegal activities like smuggling, bribes, prostitution which also generate black income.

**SHRI LAKSHMAN MALLICK:** May I know from the hon. Minister what are the short-term measures and also long-term action before the Government for controlling and combating this sort of unaccounted, blackmoney.

**SHRI A.K. PANJA:** So far as the policy

of the Government is concerned, it is two-pronged. The first one is to encourage voluntary compliance; secondly, the other limb of the policy is to intensify deterrent measures like searches, survey and prosecution. The steps that have been taken, as it is called, short-term measures are survey and searches which have been stepped up. Staff and equipment have been augmented in the last three years. Selective scrutiny is being made. The onus has been shifted from the Department to the assessee in certain cases to determine *mala fide* intention or as it is called in legal language, culpable mental state. Then, there is pre-emptive purchase of immoveable properties which came into effect from the first of October, 1986. There were some lacunae in the settlement commission. That has been plugged. Special courts are being set up not everywhere but in some places like Hyderabad, Mirzapur, Bangalore, Ernakulam, Indore, Cuttack, Madras, Madhubani, Ahmedabad, Kanpur and Delhi. Modern equipments like computers are being used to get information quickly and in reasonable manner. Research Cell has been set up so that various modus operandi of tax evaders could be collected and a Directory giving the tax-payers names in alphabetical order is under preparation.

Lastly, door-to-door survey is being conducted to broad-base the tax operation.

**SHRI CHINTAMANI JENA:** It is very commendable on the part of the Government, specially our Finance Ministry, to unearth and check the flow of black-money in the country which is having its reaction in the form of price rise creating problems to the general public. In spite of that, as per the statement of the hon. Minister, about Rs. 3,500 or Rs. 3,600 of black-money is still flowing in our country. May I know from the hon. Minister whether the Ministry has decided that whenever a person suo moto discloses his assets and income, it should be accepted and, whether this is one of the factors which is encouraging the flow of black-money and, if so, what action the Ministry would take in this regard?

Besides, may I know from the hon. Minister whether there is any income-tax charged on the donations from foreign countries and, if so, I would like to know whether the Ministry will take any action on this issue. We know through the report of the Kudal Commission and other reports that such type of foreign money is coming to our country but we are not assessing any income on it nor realising any income-tax from that. Will the Ministry make a re-thinking on this issue to check this type of huge amount of flow of black money into the country?

SHRI A.K. PANJA: So far as the first portion of the question is concerned, disposal of properties, I have already answered it. If it comes to our notice that it is being sold at a price less than the market price, then there is a provision for pre-emptive purchase. We can requisition and then put it for sale.

So far as foreign donations are concerned, this is the concern of a different Department. That is being controlled by them.

PROF. N.G. RANGA: From time to time we get news of so much of crores worth of gold which is being smuggled is being captured by the Government. Recently the Finance Ministry also made it known that as much as Rs. 2,000 crores worth of gold was captured during last year. May I know in what manner all the money realised from it is being utilised and is it being studied at all from time to time to what extent it is being utilised in order to minimise the mischief of black-money and also inflation?

SHRI A.K. PANJA: On gold, I answered yesterday in the Rajya Sabha. It was incorrectly printed in the newspaper. I thought that probably I answered wrongly. But, in the transcript of the proceedings which were given to me, it is not Rs. 2,000 crores. It is Rs. 200 crores. It is a little over Rs. 200 crores last year.

So far as utilisation is concerned, the entire gold has to be deposited with the Government of India Mint. Previously no

credit was given to the Revenue Department but it went to the Consolidated Fund. The Finance Minister has decided in a meeting that such action is done by the Revenue Department Officers and a national credit should be given to the Revenue Department. That is being operated now. So far as the question of Gold and also how to curb the black money are concerned, there is some relationship among drugs, gold, black money and other illegal activities. Two high-powered Committees were formed—one is Mr. J. Datta Committee and the other is Dr. Rangarajan Committee. Mr. Datta went into the procedural aspect and Dr. Rangarajan went deep into the details of it. After those Committee submitted their reports, they were referred to a Group of Ministers. Recently, the Group of Ministers has given the decision and soon the House will know the Gold Policy of the Government of India.

SHRI C.P. THAKUR: Sir, most of the Economists feel that in a developing economy, the black money also plays some important part. In this respect, I want to know from the hon. Minister as to how does the percentage of black money in India compare with the four recently economically developed countries of Asia like Singapore, South Korea, Republic of China and Malaya. Secondly, when stringent measures were taken by the Government of India recently, how much money was shifted to foreign banks and how much came as NRI money?

SHRI A.K. PANJA: So far as the first portion is concerned, to my knowledge, no such study has been made regarding Asian countries and India. So far as the second portion is concerned, it is not for my Department to answer. It is Shri Faleiro's Department which has to answer it.

[Translation]

MR. SPEAKER: You are earning.

[English]

You add to the income.

[Translation]

PROF. NIRMALA KUMARI SHAKTAWAT: I would like to submit to the hon. Minister that black-money is the worst menace for our country. It is crippling the entire economy. There have been news reports in the newspapers these days that donations worth crores of rupees are being raised in the border areas of Delhi, which are adjacent to Haryana, for the conversion of black money into white. I would like to know from the hon. Minister whether he is aware of it and if so, what is the source of this black money and whether any survey or research has been conducted to find out whether these donations are being collected by or through the Chief Minister of Haryana.\*

[English]

MR. SPEAKER: No mention of name please.

[Translation]

PROF. NIRMALA KUMARI SHAKTAWAT: Does the hon. Minister propose to impose a ban on the collection of funds from the persons who went to convert their black money into white.

[English]

SHRI A.K. PANJA: We have information that such money is mostly unaccounted for money—but not always—which is being sought to be given for election purposes. But so far as the details are concerned, they are not with me. Regarding making law to prohibit such donation, it is for the Election Commission to decide and the Government of India to decide. (Interruptions)

[Translation]

SHRIRAMPYARE PANIKA: The matter should be investigated.

[English]

We are not asking for making laws. We are only asking for checking the black money which is being generated. (Interruptions)

SHRI A.K. PANJA: As the hon. Members have expressed their sentiments, I am certainly with them. But we can make investigation on certain positive information. Otherwise, sometimes it is alleged that we are taking coercive measures. If the hon. Members could write to me and give me positive information, not openly, then I assure that I will take steps.

[Translation]

SHRI DHARAM PAL SINGH: Instead of providing secret information, I place an open information before the House.

[English]

MR. SPEAKER: No. I cannot allow.

[Translation]

Please give it in writing.

#### Loss of Foreign Exchange in Diamond Trade

\*366. DR. B.L. SHAILESH: Will the Minister of COMMERCE be pleased to state:

(a) the net foreign exchange loss suffered during first quarter of 1989-90 in the diamond trade and the reasons therefor;

(b) the amount of foreign exchange allowed to diamond traders for their foreign travel abroad during the said quarter; and

(c) the remedial measures taken or proposed in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P.R. DAS MUNSI): (a) to (c). A statement is given below.