

The Menace of Black Money in India

Dr. Pradip Kumar Das

Jagannath Kishore College,
Puruliaunder Sidho-Kanho-Birsha University, Purulia.

ABSTRACT

Of late, the issue of black money and its consequent corruption has come into the forefront following a series of financial scandals. Black money draws conspicuous and wasteful consumption, reduces savings and grows gap between the rich and the poor. In every sphere of social, political and economic space of the country, it has a debilitating effect on the institutions of governance and conduct of public policy in India. Governance failure adversely affects the interests of vulnerable and disadvantageous sections of the society. Everybody has expressed concern on the issue especially with the publication of few reports relating to unaccounted wealth abroad. The Government of India has been pursuing to address the issue of black money in public life after noisy turmoil in Parliament. This paper is an attempt to explain the menace of black money and its aftermath consequences in India.

Keywords: Black money, Tax evasion, The Government, Unaccounted wealth, Corruption, Financial scandals.

INTRODUCTION

Black money eating into the social and moral framework of Indian economy are undermining the socio-economic objectives. In every sphere of social, political and economic space of the country, it has an impact on governance and conduct of public policy. Governance failure adversely affects the interests of vulnerable sections of the society. Success of an inclusive growth strategy critically hinges on the capacity of society to root out evils of the corruption and black money from its very foundations. Black money fosters concentration of economic power in the hands of undesirable groups. With liberation of foreign exchange control, new opportunities have emerged for tax evasion; globalization has reduced the cost of the sophisticated methods thereby facilitating generation of black money. Black money procreated by Indians can be routed back to India[1]. A multi-pronged strategy may help to deal with the issue of generation of black money and its illicit transfer abroad by the Governments in a co-ordinate manner.

OBJECTIVE OF THE STUDY

The prime objectives of the study are:-

- To study the various aspects of black money;
- To study the main reasons behind the generation of black money;
- To study the current status of black money and its impact on Indian economy.

BLACK MONEY- CONCEPTUAL SETTING

The term **Black Money** stands for money earned by illegal means and kept secret and unaccounted. Thus, black money is neither reported to the public authorities at the time of its generation nor disclosed at any point of time during its possession. Black money may be generated either by illegitimately e.g. drug trade, terrorism, corruption, etc. or legitimately e.g. failure to pay the dues to the public exchequer leading to the generation of unaccounted wealth. Tax evasion is an illegal attempt to reduce the tax liability deliberately or concealing one's true state of affairs from tax authorities and, thus, generates black money. The financial

crisis of 2008 and the resultant need for protecting revenues further strengthened the need for coordinated global efforts to tackle the challenges posed by tax haven mediated arrangements for evading tax and generating black money. According to National Institute of Public Finance and Policy (NIPFP), ***“Black money is the aggregate of incomes which are taxable but not reported to authorities”***.

REVIEW OF LITERATURE

Review of literature assists in rationalizing the results of study when compared with previous results. A brief review of literature relating to the issue of black money is presented here.

Vijay Kumar Singh (2009)[2] in his paper, “Controlling money laundering in India-Problems & Perspectives” showed that controlling black money in India is a difficult task due to the existence of poor implementation of laws leading to sophisticated crime in the economy and thus creating black money.

Sukanta Sarkar (2010)[3] in his study on the parallel economy in India found that the main reason behind the generation of black money here lies in the political system. The Government just focused on making committees rather than to implement it. He concluded that laws should be implemented properly to control black money in the country.

CA Lalit Mohan Agarwal (2012)[4] edited the White Paper on Black Money and studied that violation of laws by both the Governments lead to criminal activities which, in turn, leads to generation of black money in Indian economy.

Mr. Nishant Ravindra Ghuge and Dr. Vivek Vasantrya Katfare (2016)[5] in their study “A comparative study of tax structure of India with respect to other countries” strongly suggested for serious review and actions from the Government in simplifying the tax structure.

Tax Research Team (2016)[6] in their working papers stated in favor of demonetization and showed the impact of such a move on the availability of credit, spending and level of activity and government finances.

Dr. Devarajappa S.(2017)[7] in his study on “Tax Reforms in India: A Study of its Impact on the Revenue of the Government” suggested the necessity to calculate the people about Indian tax law and create an environment so that they pay their due taxes and do not evade tax and, thus, feel proud in discharging their duty by paying their taxes.

RESEARCH DESIGN

The study being conceptual and descriptive expresses the author’s own opinion and opinion of some reputed authors. The work is designed for a cross-section of those for making the issue easily understandable and organized into several phases. Firstly, the paper states the objective of the study; secondly, it discusses the conceptual settings of black money; thirdly, it relates to the literature review; fourthly, the paper states the global concerns against black money; fifthly, it examines the activities more prone to generate black money; sixthly, it relates to the estimation of black money; seventhly, it is concerned with the examination of the current status of black money in India; eighthly, the paper presents the impact of black money on Indian economy; ninthly, it discusses the measures adopted by the Government to curb black money and the last five phases relate to concluding observation, suggestion, concluding comment, research opportunities and acknowledgement respectively.

GLOBAL CONCERNS AGAINST BLACK MONEY

The global financial environment entered a crisis phase following the growing distress among large international financial institutions and the declaration of bankruptcy of Lehman Brothers. The need for protecting revenues due to financial crisis of 2008 further strengthened the need for coordinated global efforts to tackle the challenges posed by tax haven-mediated arrangements for evading tax. The following are some of the global concerns:

- ❖ **United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances:** The purpose of this convention is to promote cooperation among the parties so that they may more effectively address the various aspects of illicit traffic in narcotic drugs and psychotropic substances having an international dimension. India joined this convention on March 27, 1990.
- ❖ **Multilateral Convention on Mutual Administrative Assistance in Tax Matters:** This multilateral instrument provides for all possible forms of administrative cooperation between states in the assessment and collection of taxes in particular with a view to combating tax avoidance and evasion. India signed the convention on January 26, 2012 and ratified it on February 2, 2012.
- ❖ **United Nations Convention against Corruption:** The convention requires the state parties to criminalize bribery of national public officials, foreign public officials, embezzlement, misappropriation of property by public official, laundering of proceeds of crime, obstruction of justice and illicit enrichment. The countries are required to afford one another the widest measure of cooperation and assistance in this regard. India signed the convention on December 9, 2005.
- ❖ **United Nations Convention against Transnational Organized Crime (Palermo Convention):** India signed the convention on December 12, 2002. The purpose of this convention is to promote international cooperation in preventing and combating transnational organized crime more effectively. The convention helps India get international cooperation in tracing, seizure, freezing and confiscation of the proceeds of crimes under a wide range of mutual legal assistance clauses.
- ❖ **International Convention for the Suppression of the Financing of Terrorism:** India signed this convention on September 8, 2000. Under the convention, each party requires to take appropriate measures in accordance with its domestic legal principles for the detection and freezing, seizing or forfeiture of any funds used for the purposes of committing the offences as well as to take alleged offenders, cooperate in preventive measures and exchange information and evidence relating to criminal activities. The offences referred to in the convention are deemed to be extraditable offences between state parties under existing extradition treaties and under the convention itself.
- ❖ **Financing Action Task Force (FATF):** The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. In collaboration with other international stakeholders, the FATF works to identify national-level vulnerabilities with the aim of protecting the international financial system from misuse.
- ❖ **Asia Pacific Group on Money Laundering (APG):** It is an international organization consisting of international members and regional observers. APG is closely affiliated with the Financial Action Task Force (FATF) whose Secretariat is located in Paris. APG members commit to effectively implement the FATF's international standards for anti-money laundering, combating the financing of terrorism and the financing of proliferation.

ACTIVITIES MORE PRONE TO BLACK MONEY GENERATION

The sources of generation of black money lie in any sphere of economic activity. Nevertheless, there are certain sectors and activities which are more prone to black money generation. These include the following:

- **Land and Real Estate Transactions:** Owing to rising prices of real estate, high tax incidence applicable on real estate transactions in the form of stamp duty and capital gains tax leads to both generation and investment of black money.
- **Bullion and Jeweler Dealings:** The purchaser allows the buyer the option of converting black money into gold and bullion, while it offers the trader the option of keeping unaccounted wealth in the form of stock, not disclosed in the books or valued at less than market price.
- **Complex Financial Market Transactions:** Financial market transactions can involve black money in different forms. Rigging of market by the market operators is one such means which involves use of dummy companies, trading in derivatives, participatory notes and other forms of manipulated trading.
- **Charitable (Non-profit) Activities:** Misuse of privileges and incentives for promoting charitable activities and manipulation through entities claimed to be constituted for non-profit motive are among possible sources of generation of black money.
- **Informal sector and Cash Economy:** Factors like dependence on agriculture, existence of a large informal sector and insufficient banking infrastructure with large un-banked and under-banked areas contribute to the large cash economy in India.
- **Self-employed Professionals:** Opportunities for tax evasion are very large in the cases of self-employed in business and professions. Salaried persons envy tax evasion opportunities available to self-employed professionals and retail traders and tempted to conceal their incomes from non-salary sources.
- **External Trade and Transfer Pricing:** Varying tax rates in different countries create perverse incentives for corporations to shift high rate of taxable income to relatively low tax rates as a means of minimizing their tax liability. Transfer pricing is the biggest tool for generation and transfer of black money.

ESTIMATION OF BLACK MONEY

There are no reliable estimates of black money since it is unaccounted. Several estimates are floated without sufficient factual basis on the magnitude of black money generated in the country and the unaccounted wealth stashed abroad. A few estimation techniques are:

- **Input-output Method:** This method estimates black money as the difference between the declared output and the output expected on the basis of the input/output ratio.
- **Money Circulation Approach:** This approach is needed to circulate incomes in both the black and accounted for economies. The difference between that amount and the money in circulation could be assumed to be the circulating black component. An estimate of the velocity of money enables an estimation of income circulated annually.
- **Survey Method:** In this method, sample surveys are carried out for estimation of black money. Here, the problems consist in getting a truly representative sample and the willingness of persons in the sample size to reveal true facts. People very often show unwillingness to reveal their true state of affairs and admit any illegality before surveyors.

CURRENT STATUS OF BLACK MONEY IN INDIA

Recently, the issue of black money and corruption has come into being with participation of our civil society and parliament institutions. In this connection, two emergent issues have come out;-i) firstly, without any sufficient factual basis, a large magnitude/amount of black

money and unaccounted wealth stashed abroad every year; ii) secondly, the Government's response to apply this issue has been inadequate or considerably negligible.

Most of the sectors in India like real estate, financial market, bullion & jeweler market, non-profit organizations, external trade, etc. generate black money for its survival in the market. Apart from this, black money in India persists owing to the existence of **DEMONSTRATION EFFECT**. People of India are very much affected by the lifestyles of other people of the society. As such, to fulfill these desires or to maintain their status in society they force themselves to generate and use black money. **Corruption** in India is a major issue that adversely affects every sphere of economy. In India people are very emotional towards **Spirituality** and many such persons make misuse of their emotions and sentiments and referring themselves as spiritual leaders generate a significant amount of black money. In India, **Manipulation of Accounts** generates significant amount of black money. Black money stashing abroad and recovering such illicit wealth secreted in these accounts is one of the dominant issues. Due to the existence of black money, India is facing the problem of shortage of capital that has the direct impact on the up gradation of technology in all sectors of the economy. Black income in India also comes from other activities like bribery, kickbacks, smuggling, property deals, commissions, etc. which enhance the areas and activities of parallel economy.

Existence of black money is due to the presence of corruption in almost every field of the economy. The following may be cited in this context:-

- i) Any common man desiring to get a job in a public institution like bank, transport or educational institutional, etc. is forced to pay sufficient consideration in one form or other to the concerned authority. Thus, the public authority and the common man generate and use black money in a considerable way.
- ii) Similarly, a student willing to take admission in a large and reputed institution has to pay extra money other than fees in the form of donation, etc.
- iii) In some educational institutions, examination fees, practical fees are higher than the quoted fees. Thus, black money is generated and used in large and reputed educational institutions.
- iv) The Indians are very emotional towards spirituality. Many persons camouflaging themselves as spiritual leaders make misuse of their emotions and sentiments and generate a significant amount of black money.
- v) Indian political system is also responsible for generation and uses of considerable amount of black money. At the time of elections, political leaders spend a lot of money to win or to occupy a chair. After election, the winning party just focuses on earning huge amount of money by taking extra, even for small activities. Such black money is either deposited in foreign banks or invested in real-estate in other countries.
- vi) Manipulation taking place in the form of maintenance of out of book transactions & two parallel books of accounts and under-report of production figure is another devise through which significant amount of black money is generated in India.
- vii) Besides the above, sometimes the common people produce fake bills for saving tax or for claiming travelling allowance, give promoters to builders to reduce stamp duty, etc. and thus, generate black money

CONSEQUENCES OR AFTERMATHS OF BLACK MONEY

Success of an inclusive growth strategy largely depends on the capacity of society to eradicate the evils of black money from its very foundation. Black money in every sphere of social, economic, and political space of the country has a debilitating impact on governance and conduct of public policy in the country. Governance failure adversely affects the interests of vulnerable and disadvantageous sections of society. The effects of black money due to tax

evasion and like others on Indian economy are indeed calamitous. A few consequences or aftermaths are as follows:

- Black money prevents the resource mobilization efforts of the Government.
- Shortage of funds distorts implementation of developmental plans and forces the Government to have recourse to deficit financing in case public expenditure is inelastic.
- Black money interferes with the declared economic policies of the government by distorting saving or investment patterns and availability of resources for various sectors of the economy.
- Black money encourages concentration of economic power in the hands of undeserving group in the country which, in turn, is a threatening to the economy.
- Unsocial activities like intimidation, blackmailing, meddling with official records, submitting fake documents, etc. are all abuses degrading social and moral values that ultimately go with tax evasion resulting in black money.

IMPACT OF BLACK MONEY ON INDIAN ECONOMY

India is facing major problems like black money, the existence of parallel economy, etc. witnessing major reforms of the Indian socio-economic system to address all these problems.

Black money is seriously affecting the entire economic system of India. A few impacts are:

- **Less Tax for the Government-** Often, the Indian Government fails to collect the estimated amount of tax from the people of India. Consequently, credit goes to the black money driven underground economy. Various studies show how illicit wealth affects GDP.
- **Growth of Mass Poverty-** Misdistributions of wealth and income in India affect the common people in many ways. Tax evaders keep the money away from the deserved.
- **Uncontrollable Inflation-** Unexpected black money in the open market causes prices of commodities to increase to a level beyond normal. Black money turns down the Government's move to control the credit flow in the market resulting some sorts of pressure on the economy.
- **Lack of Technology-** Existence of black money has the direct impact on the up gradation of technology in all sectors. The basic reason behind such backwardness is the parallel economy.
- **Investment on Gold, Stones and Jeweler-** People willing to convert black money into white money largely invest in precious metals like gold and other jeweler with the belief that investment in gold is difficult to trace. Thus, flow of underground money causes Indian economy to stall on its growth.
- **Inflated Real Estate-** People with deep pockets desirous to pay more for a piece of land artificially inflate the prices of the entire area. People involved in such activities help in converting their colored money to legal money.
- **Transfer of Indian Funds Abroad to Safe Havens-** Black money generated in India is kept in foreign tax havens through secret channels like under-invoicing of exports and over-invoicing of imports for transferring money overseas.
- **Encouraging Anti-Social Activity-** Black money always promotes anti-social activities like terrorism, a huge threat in India. It is a curse to any country.
- **Corruption-** Corruption fosters growing underground market and helps black money-holders taking undue advantage from higher authority to fulfill their objectives and, thus, others are pushed down the stack.
- **Increase in Inequality-** Black money leads to increase inequalities of income widening the gap between the rich and the poor of India.
- **Wasteful Consumption-** Black money leads to wasteful consumption in the Indian economy.

- **Decrease in Working Efficiency-** Black money decreases working efficiency of people as they get used to earn black money by easy means.

MEASURES ADOPTED BY THE GOVERNMENT

Efforts have been made from time to time to govern black money with the help of various means. A few measures adopted by the Government are as follows:

- I. **Lowering of Tax Rates:** - Low tax rates are welcome subject to improvement of compliance and revenue yield. Reduction in the extent of tax evasion generates high volume of tax revenue and more public expenditure benefits the poorer section of the population of the society [8].
- II. **Tax Amnesties:** - Tax amnesties bring concealed money in the open, widen the base of investment, and hence foster economic development. In India, tax amnesties with varied characteristics have been proposed from time to time to unearth black money. However, these are criticized on the ground that they provide incentives on dishonesty and are unfair to honest taxpayers. Honest taxpayers are demoralized. Tax enforcement machinery also loses respect in the eyes of the common man. The Government sometimes announces different schemes and bonds like Bearer Bonds, Voluntary Disclosure of Income Scheme (VDIS) to harness black money for generative purposes. Abundant money transferred outside India might actually have been returned through their means [9].
- III. **Advance Tax Payment:** - Through the regular assessment in respect of any income, tax is payable by way of advance payment or deduction of tax at source.
- IV. **Tax Deduction at Source (TDS):** - Improvement in the percentage share of direct taxes has taken place due to the widening of tax base, presumptive taxation and broadening the scope of TDS.
- V. **Presumptive Tax for Small Trades:** - The Tax Reforms Committee examines the problems and possibilities of taxing the small business sector and suggests presumptive taxes on small business.
- VI. **Permanent Account Number (PAN) or General Index Register Number (GIR):** - To strengthen the efforts at enforcement, the Government makes it obligatory for assesseees to quote PAN or GIR in respect of certain transactions.
- VII. **Survey of Income - tax:** - Income-tax authorities' conducting survey from time to time a shop-to-shop or house to house rope in new assesseees is a useful measure; a person failing to comply with the notice under section 133B is liable to pay the penalty under section 272 AA.
- VIII. **Summons, and Search and Seizure:** - Under Section 131 of the Income-tax Act, an authorized income tax officer can issue summons when the authority has the reasons to suspect concealment of income by any person within the jurisdiction. The authorized officials can enter and search any building, place or vehicle in occupation of the person being searched and examine any box, locker, almirah, etc. and seize any books of accounts, other documents, money, bullion, jeweler, etc.
- IX. **Penalties and Prosecutions:** - Income-tax Act contains provisions for penalties and prosecutions for various defaults and offences committed by the taxpayers. Section 273A (4) of the Income-tax Act permits Income-tax Officers to reduce or waive penalties for tax evasion. Furthermore, under section 279(2) of the Act, officers are empowered to compound an offence either before or after the institution of prosecution proceedings.
- X. **Use of Information Technology in Tax Administration:** - E-payment of tax is a facility to the taxpayers for making tax payments through internet banking facility or internet by using debit/credit card.

XI. **Legislative Measures to Prevent Generation of Black Money:** - A large number of proactive steps have been taken for arresting the generation of black money and for its detection like Prevention of Money Laundering Act (PMLA), 2002, Benami Transaction (Prohibition) Bill, 2011, Public Procurement Bill, 2012, Lokpal and Lokayukta Bill, 2011, Citizens' Grievance Redress Bill, Indicial Standards and Accountability Bill, 2010, Public Interest Disclosure and Protection to Persons Making the Disclosure Bill, 2010, Electronic Delivery of Services Bill, 2011.

"Major Breakthrough" has been made with the Swiss Authorities and certain critical and actionable information have been collected from such authorities. Achieving success thus, certain new legislation has been passed to deal with the black money kept abroad. Key features of the new law include:-

- 10 years' rigorous imprisonment in case of tax evasion relating to foreign assets penalty of 300 percent with no recourse to Income-tax settlement Commission.
- Non-filing of IT Returns with insufficient disclosures results in 10 years' rigorous imprisonment.
- Concealment of income/evasion of income in relation to foreign asset under the PMLA can attract a separate prison term.
- Further, Foreign Exchange Management Act (FEMA) subject to amendment ensures punishment in such cases too.

CONCLUDING OBSERVATION

Prevention of black money is pre-requisite for establishing an equitable, transparent and a more efficient economy. Black money, one of the fiscal maladies are undermining the socio-economic objectives and are responsible for lavish consumption, reduced savings and widening gap between the rich and the poor. The fight against generation and accumulation of black money is far more complex and prolonged requiring new strategies and stronger intervention of the states, which, in turn, needs hardy legal framework, co-extensive administrative set up and a very strong determination to fight the threat. Effective implementation of the tax laws can arrest tax evasion. There is a need to educate the people about the Indian tax laws and to create such an atmosphere in which they do not evade taxes and feel the proud in discharging their duties to the nation. Despite several schemes offering opportunities to bring black money overboard have been announced by the Government of India, the result is not fruitful.

SUGGESTION

To unearth black money, the following suggestions are put forward: -

- ✓ In a democratic country like India, any long-term strategy to deal with black money must ensure public acceptance, broad-based political acquiescence and commitment to implement it which necessitates co-operation between the Central and State Governments.
- ✓ A globalized economy needs strong initiatives on the part of the Government, mutual co-operation internationally. India should participate in the global crusade against black money.
- ✓ In a fast-growing economy like India, storage and cross - checking of economic information through a computer and related facilities is essential to generate actionable intelligence.
- ✓ Appropriate legislative framework and speedier judicial processes are required to deal with illicit money and tax frauds.
- ✓ Direct transfer to the accounts of beneficiaries can provide a solution because it would prevent manipulations like bogus muster rolls, etc.

- ✓ Mix strategy for curbing generation of black money from legal and legislative activities consists of different pillars such as:- a) Reducing disincentives against voluntary compliance; b) Reforms in vulnerable sectors of the economy; c) Creating effective credible deterrence; d) Supportive measures.
- ✓ **Strategies for Curbing Generation of Black Money through Illegal or Criminal Activities:** - Strategies for curbing illegal or criminal activities require active participation of both the Governments. Arresting corruption also requires multipronged strategies consisting of both broader reforms as well as more focused capacity of building of institutions that are assigned the responsibility of preventing it. Both the Central and State Governments should actively draw out long-term strategies to bring them to a halt.
- ✓ **Strategies for Repatriation of Black Money Stashed Abroad and Issues Related to Confidentiality of Information:** - Strategies like: a) Repatriation of Black Money stashed abroad requiring coordination and cooperation of other country through global consensus and specific bilateral treaties; b) Voluntary Disclosure Schemes for bringing back black money stashed overseas through these means; c) Agreement between countries for revenue sharing for arresting black money. India has already taken up this issue with Switzerland. Thus, India decides first, as to whether such type of agreement can meet its national objective.
- ✓ Current high level of taxation leaves the Government with little scope for maneuverability for raising additional resources in times of emergency.
- ✓ A committee of experts is of necessity to enquire into the utility of all existing controls, licensing, permit systems, and suggest elimination of such of those, which have no utility.
- ✓ Changes in law and procedures necessitate ensuring effective administration of the controls required for the health of the economy and with the least harassment to the public.
- ✓ The Department should completely reorient itself to a more vigorous prosecution policy to its methods of intelligence and investigation to cope with the increasing refinement and sophistication of the techniques of tax evasion.
- ✓ Imparting intensive training to the officers selected to man the intelligence and investigation jobs at the central staff training college is prerequisite to equip with the necessary expertise for satisfactory performance of their onerous and responsible tasks.
- ✓ The Union Government should urgently include agricultural income for uniform tax more or less on par with the tax on other incomes to eliminate the scope for camouflaging black money and evasion of direct taxes.
- ✓ The Government should set up sufficient number of survey circles to ensure comprehensive and continuing survey on a rotational basis.
- ✓ Stringent legal measures are not sufficient to tackle black money issue. The public should support the measures strongly against black money.
- ✓ The foremost course of action is the denial of the privileges which are still available to the tax evaders.
- ✓ The Government should not give absolute power of work to any one person as it creates monopoly and instead should segregate the work among many persons.
- ✓ Much involvement of human beings usually brings about involvement of corruption, ultimately generating black money.
- ✓ Transaction cost associated with compliance and administration is one of the major disincentives for generation of black money. So, it must be reduced which is a challenge to the Government.

- ✓ The biggest challenge to the Government of India is to bring back money from abroad. So, the Government needs to evolve an environment and create legal mechanism through global consensus, co-ordination and specific bilateral treaties.
- ✓ Changes in law and procedures to ensure effective administration and control are necessary for the health of the economy and least harassment to the public.
- ✓ The Government should recognize and provide reasonable grants-in-aid to national political parties. The basic criteria for selecting cases for annual scrutiny should be uniform throughout the country.
- ✓ The Department should completely rearrange itself to more vigorous prosecution policy to instill fear and respect for the tax laws in the minds of the taxpayers. Tax dodger should invariably be prosecuted necessary to change the attitude of the people towards the Government and its laws.
- ✓ Presentation of audited accounts in prescribed format is mandatory in all cases of business or profession where the sales turnover or receipts exceed a certain limit.
- ✓ A sufficient number of survey circles should be set up to ensure comprehensive and continuing survey on a rotational basis.
- ✓ The Government should put restriction on cash transactions wherever possible and instead should encourage the use of Plastic Money like Debit Card, Credit Card, etc. and by such other means as black money revolves around in cash only.
- ✓ Black money cannot be tackled by stringent legal measures alone. Strong public opinion is also invited in support of the measures taken against black money.
- ✓ Taxpayers having found filing their correct returns and meeting their tax obligations regularly and promptly should be treated by the department as starred assesses.
- ✓ To reduce the element of black money in transactions relating to immovable properties, provision for NOC should be introduced in the income-tax law to reduce administrative complications and increase case of compliance so that an appropriate and uniform database is set up.
- ✓ The GST Act, 2017 should be expeditiously implemented as the spin-off from its implementation would provide sufficient resources to more than compensate the loss apprehended by certain State Governments.
- ✓ Manpower shortage issues seriously hampering the functioning of various agencies particularly the CBDT and CBEC need to be taken up and implemented on a fast track basis to show the Government's resolve to tackle the issue of black money.
- ✓ Conventions help India get international cooperation in tracing, seizure, freezing and confiscation of the proceeds of crimes under a wide range of mutual legal assistance even with countries with which it has no mutual agreement and prevent generation of black money.

CONCLUDING COMMENT

Existence of black money has a significant impact on social, economic and political levels of the Indians. Factors responsible for its generation along with the various measures attempted to controvert it make it clear that there is no single remedy to curb, control, and finally prevent the black money. In fact, both the Central and State Governments necessitate a comprehensive mix of well-defined strategies and put into practice in a co-ordinate manner. Effect of black money on the country's economy cannot be described as calamitous. Black money is like a cancerous growth in the Indian economy which, if not arrested timely will definitely guide to its ruination. It is a big challenge for our Government to properly form committees and run them in a very efficient and effective manner.

RESEARCH OPPORTUNITIES

The basic reason behind insufficient research work on black money in India may be attributed to the insufficiency or non-availability of reliable data. Legal framework is not sufficient, more and more emphasis should be given on morality. Unless a detailed and transparent breakdown of total assessed income is brought to light, scientific study of the trend of black money is complex. Extent of black money is only a guess estimate based on certain assumptions. Here, considerable difference of opinion may exist for want of adequate and reliable data. Another gap is that the tax-evaded income is not at all lying stored which can be seized by the appropriate authorities.

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