

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
Rajya SABHA**

**STARRED QUESTION NO. 260
TO BE ANSWERED ON 20th MARCH, 2018/29TH PHALGUNA SAKA, 1939**

Demonetisation impact on corruption

***260. CH. SUKHRAM SINGH YADAV:**

QUESTION

Will the Minister of FINANCE be pleased to state:

- (a) Whether it is a fact that demonetisation could not get expected results in stopping the corruption for which it was intended by Government;
- (b) Whether it is a fact that old currencies in the denominations of ₹500 and ₹1000 still continue to be seized in the raids; and
- (c) If so, the details thereof?

**ANSWER
MINISTER OF FINANCE
(SHRI ARUN JAITLEY)**

(a) to (c) A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. *260 RAISED BY CH. SUKHRAM SINGH YADAV, HON'BLE MEMBER OF PARLIAMENT TO BE ANSWERED ON 20.03.2018 REGARDING DEMONETISATION IMPACT ON CORRUPTION

(a): No Sir. Demonetisation, besides serving other objectives of eliminating fake currency, stopping terror financing, promoting formalization of economy, promoting digital payments, also succeeded in unearthing black money and preventing corruption.

At the time of demonetisation, High Denomination Notes of ₹500 and ₹1000 amounting to ₹15.44 lakh crore were in circulation. At the rate, Specified Bank Notes (SBNs) were growing in previous years, SBNs would have become of the order of about ₹18 lakh crore in December, 2017. The High denomination notes in circulation in December 2017, more than one year after demonetization were approximately ₹13.34 lakh crore. Therefore, circulation of high value notes have been brought down effectively. As high denomination notes have been used for storing black money and in corruption, it may be concluded that demonetization did control black money generation and corruption.

After demonetisation, the Department of Revenue launched 'Operation Clean Money' on 31st January 2017 with respect to about 17.92 lakh persons whose cash transactions did not appear in line with their tax profile. Online verification of such cash transactions was enabled and the information in respect of identified cases was made available in the e-filing window of the PAN holder. The tax payer was able to submit online explanation. Nearly 11 lakh persons submitted online response. High risk cases have been made available to the field formation for effective monitoring and follow up. Data analytics is being used to match information in IT returns with cash deposit data and identify high risk cases/ groups for necessary verification/investigation.

During the period from November 2016 to March 2017, the Income Tax Department (ITD) conducted searches on around 900 groups, wherein, assets worth over ₹900 crore were seized and undisclosed income of over ₹7,900 crore was admitted. Further, during the period from April 2017 to November 2017, around 360 groups were searched by the ITD, where assets worth over ₹700 crore were seized and a disclosure of over ₹10,100 crore was made.

The Government has also taken following specific major measures to curb black money:

- i. Enactment of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

- ii. Enactment of the Benami Transactions (Prohibition) Amendment Act, 2016.
- iii. Constitution of the Special Investigation Team (SIT) on Black Money in May, 2014.
- iv. Constitution of Multi-Agency Group (MAG) for coordinated and effective investigation in 'Panama paper leaks' cases and Paradise Leaks cases.
- v. Constitution of Task Force (TF) on Shell Companies.
- vi. Tracking & Curbing cash transactions and strengthening third party reporting mechanism.
- vii. Enhanced international cooperation in the area of exchange of tax related information.

(b) & (c): Yes, Sir. The details include:

- (i) Central Board of Excise and Customs (CBEC) has reported that demonetised currencies are still being seized by Directorate of Revenue Intelligence and other Enforcement formations. CBEC has also reported that total amount of ₹49,09,11,000/- demonetised currency notes were seized from month of August, 2017 to February, 2018.
- (ii) Ministry of Home Affairs has reported that in two important seizures, the Uttar Pradesh Police seized around ₹96 crore of demonetised currency notes in Kanpur and around ₹25 crore of demonetised currency notes in Meerut in January, 2018. In another important seizure, the NIA seized demonetised currency notes to the tune of ₹36.34 crore in November, 2017.
- (iii) Government of Kerala has reported that the demonetised Indian currency to the tune of ₹7,92,38,000/- in denomination of ₹1000/- and ₹500/- were seized on 19.08.2017 in Kayamkulam, Kerala.
- (iv) Rajasthan Police recovered total value of old currency notes of ₹11,39,04,500/- during 08.11.2016 to 05.03.2018 in old currency note of ₹500/- and ₹1000/- denomination.
- (v) CBI has recovered/seized demonetised currency notes in 03 cases amounting to ₹9,82,000/- during 2017 and upto February, 2018.
