

**Government of India  
Ministry of Finance  
Department of Revenue**

**LOK SABHA**

**UNSTARRED QUESTION NO. 4281**

TO BE ANSWERED ON FRIDAY, AUGUST 11, 2017

SHRAVANA 20, 1939(SAKA)

**“ASSESSMENT OF BLACK MONEY BEFORE DEMONETISATION”**

**4281. SHRIMATI V. SATHYA BAMA:**

Will the Minister of Finance be pleased to State:

(a) whether as per the assessment made by revenue intelligence agencies, funds and unaccounted black money were flowing into the real estate, mining, manufacturing and entertainment sector, prior to demonetisation, if so, the details thereof;

(b) the details of companies involved and booked in investment of such black money flowing from tax havens and organisations along with the action taken against the erring companies;

(c) whether international financial transactions to and from foreign countries are monitored/scanned/probed, if so, the details thereof and the findings involving shady/illegal financial transactions during the last three years, agency-wise;

(d) the action taken by the Government in this regard; and

(e) whether India has entered into a pact with other countries to share the mutual flow of information pertaining to money laundering and terror funding, etc., if so, the details thereof and the outcome thereon?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SANTOSH KUMAR GANGWAR)**

**(a) & (b):** Analysis of seizure of valuables and admission of undisclosed income during searches conducted by Income Tax Department (ITD) during last three financial years, prior to demonetization, indicated that the persons searched were engaged in different sectors including in real estate, finance, trading, manufacturing, educational institutes, and services. Apportionment of the undisclosed income admitted amongst specific sectors has, however not been found feasible.

Appropriate action against tax evasion is an on-going process. Such action under direct tax laws includes searches, surveys, enquiries, assessment of income, levy of penalties and filing of prosecution complaints before criminal courts, wherever applicable.

The initial outcome of the search & survey action conducted by the Income-tax Department during last 3 financial years, prior to demonetization, is as under:

**Search:**

<b>F.Y</b>	<b>Number of groups searched</b>	<b>Total assets seized (In Rs. crore)</b>	<b>Undisclosed income admitted u/s 132(4) of the Income-tax Act, 1961 [in Rs. crore]</b>
2013-14	569	808	10791
2014-15	545	762	10288
2015-16	445	713	11066

**Survey:**

<b>Financial Year</b>	<b>No. of surveys conducted</b>	<b>Undisclosed income detected (in Rs. crore)</b>
2013-14	5327	90390
2014-15	5035	12820
2015-16	4422	9654

Disclosure of information regarding specific taxpayers is prohibited except as provided under section 138 of the Income-tax Act, 1961 (the Act).

Enforcement Directorate is also mandated with the task of enforcing provisions of Foreign Exchange Management Act, 1999 (FEMA) and Prevention of Money Laundering Act, 2002 (PMLA). The role of Directorate comes into picture as and when any contravention under FEMA and occurrence of scheduled offence under PMLA including cases under Section 51 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 as well as terror funding related cases, is brought to the notice of the Directorate.

**(c) & (d):** The Prevention of Money Laundering Rules inter-alia obligates Reporting Entities to file reports relating to all cross border wire transfers of the value of more than five lakh rupees or its equivalent in foreign currency where either the origin or destination of fund is in India to the Financial Intelligence Unit(FIU).

Section 139 of the Act, inter-alia, requires that a person, being a resident other than not ordinarily resident in India to furnish the income tax return who at any time during the previous year holds as a beneficial owner or otherwise, any asset (including any financial interest in any

entity) located outside India or has signing authority in any account located outside India; or is a beneficiary of any asset (including any financial interest in any entity) located outside India.

Based on the criteria laid down by the Central Board of Direct Taxes (CBDT), certain returns of income/transactions are scrutinized. Total income of the person is assessed which may include undisclosed income detected. Further, appropriate actions as per provisions of the Act are taken in respect of evasion of income or other irregularities. Further, a comprehensive and a more stringent law in dealing with undisclosed foreign income/assets stashed abroad, the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 has come into force w.e.f. 01.07.2015 which provides for separate taxation of undisclosed foreign income and assets and has more stringent provisions for concealment penalties and prosecution.

**(e)** : The Government has entered into tax treaties with a number of countries/jurisdictions for exchange of information for tax purposes. As on 30.06.2017, India had such treaties with 148 countries/ jurisdictions. There has been a significant increase in the number of requests made to foreign jurisdictions. A total of 4059 requests were made in the last 3 financial years (2014-2015 and 2016-2017) against 2093 made in earlier 6 years (2008-2009 to F.Y 2013-2014).

As a member of Egmont Group (156 countries) Financial Intelligence Unit – INDIA exchanges information based on request or spontaneously with foreign FIUs. Apart from this, FIU-IND has signed bilateral MOU with 38 FIUs of other countries

Further, India has proactively enhanced global efforts to combat tax evasion/black money, inter-alia, by joining the Multilateral Competent Authority Agreement in respect of Automatic Exchange of Information (AEOI) and having information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA). India has joined a group of 48 countries as early adopters to the new global standards and will be exchanging information automatically from 2017.