

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

**LOK SABHA
UNSTARRED QUESTION NO. †2002
TO BE ANSWERED ON
MONDAY, 13TH MARCH, 2023 / PHALGUNA 22, 1944 (SAKA)**

DATA ON PEOPLE WITH UNACCOUNTED MONEY

†2002: SHRI SANTOSH KUMAR:

Will the Minister of FINANCE be pleased to state:

(a) whether demonetization has helped the Government in discovering the unaccounted income of people in the country and if so, the details thereof; and

(b) the number and the details of people with unaccounted income about whom the Government has any information?

ANSWER

**MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)**

- (a) Demonetization, inter alia, led to detection of black money, increase in tax collection and widening of tax base, as indicated below:
- i. During the period November 2016 to March 2017, the Income-tax Department conducted search and seizure actions in 900 groups leading to seizure of Rs. 900 crores, including cash of Rs. 636 crores and admission of undisclosed income of about Rs. 7961 crores.
 - ii. Growth rate of 18% for F.Y. 2017-18 in net direct tax collections over F.Y. 2016-17, which was highest in the preceding seven financial years, indicated the positive impact of demonetization on the level of tax compliance in the country.
 - iii. In F.Y. 2017-18, Personal Income-tax (PIT) Advance Tax collections increased by 23.4% and PIT Self-Assessment Tax by 29.2% over those for F.Y. 2016-17, corroborating the premise that demonetization and the subsequent use of bank deposit data by the Income-tax Department had a major impact on voluntary tax payments by the non-corporate / individual taxpayers.
 - iv. A growth rate of 25% was achieved in the number of Income Tax Returns (ITRs) filed with the Income-tax Department during F.Y. 2017-18. It was the highest rate achieved in the preceding five years.

- v. During F.Y. 2017-18, the number of new ITR filers was about 1 crore 7 lakhs as compared to 85.51 lakhs during F.Y. 2016-17. In earlier years, the number of new filers was between 50 lakhs and 66 lakhs. There is, therefore, a clear upswing in the new tax filers during the F.Y. 2016-17 and F.Y. 2017-18, which can be attributed to higher level of compliance due to transfer of cash into the formal channels as a result of demonetization.
- vi. A growth rate of 17.2% was achieved in the number of returns filed by corporate taxpayers during F.Y. 2017-18. It was more than 5 times the growth rate of 3% in F.Y. 2016-17 and 3.5% in F.Y. 2015-16.

Further, with regard to investigations under Prevention of Money Laundering Act, 2002 (PMLA) and Foreign Exchange Management Act, 1999 (FEMA) by the Directorate of Enforcement (ED), a number of cases under PMLA have been recorded during the period of demonetization and thereafter, related to acquisition of unaccounted demonetized currencies. Cases under FEMA have also been investigated wherein cross border transaction/forex transactions were noticed.

Under PMLA, investigations have been taken up in 08 cases wherein 107 persons were found involved in any process of generation, acquisition and/or projection of unaccounted money. In these cases, proceeds of crime amounting to Rs. 191.68 crores have been attached / seized and 05 accused have been arrested. Further, 13 Prosecution Complaints (PCs) including 07 Supplementary PCs have been filed in these cases.

Similarly, investigations in 10 cases against 19 persons have been initiated under provisions of FEMA wherein currency amounting to Rs. 2.99 crores have been seized. Further, 08 Show Cause Notices have been issued, out of which 05 have been adjudicated. During adjudication, penalty amounting to Rs. 1.61 crore were imposed. Further, seized currency amounting to Rs. 77.81 lakhs has also been ordered to be confiscated during adjudication.

(b): Whenever any instance of tax evasion comes to notice, the Income Tax Department takes appropriate actions including conducting search & seizure, surveys, assessment of income, levy & recovery of tax, imposition of penalty and launching of prosecution as per the provisions of the Income Tax Act, 1961. Such information may be received from various sources like informants, tax evasion petitions, from other Law Enforcement/Government Agencies, media, from foreign jurisdictions under spontaneous/automatic exchange of information, etc. Further, since the number of people with unaccounted income is not static but is highly variable and dynamic, it is not possible to provide such details.
