

MEASURES TAKEN OVER TO BRING BACK BLACK MONEY IN INDIA

C. D. BHOSALE
Associate Professor
K.B.P. College, Vashi, Navi Mumbai
(MS) INDIA

NIHAL MULLAJI
Research Scholar
K.B.P. College, Vashi, Navi Mumbai
(MS) INDIA

ABSTRACT

The purpose of project is to present the some findings on a status of black money in India. This project present status of black money, factors of black money, estimate value of black money in India and abroad, misuse of corporate structure, institutions which deals with black money, strategies for tackling of black money, measures of black money.

In this project, issue of BLACK MONEY has come into forefront of the society with active participation of our youth and parliament. The main aim of this research project is to know the present status of black money in INDIA & its future challenges. In the context of present status it includes sources from where black money is generated and its uses in the country at different levels. This project represents the framework, policy options and strategies that Indian Govt. should adopt to tackle with this issue and also describes the future challenges to be faced by Govt. in this context. It also studies the one of the main reason behind the generation of black money i.e. corruption. It shows up to what extent, the corruption leads to its generation which has considerable impact on various sections of the society.

Keywords: Black money, fraud, corporate structure, strategies, measures.

INTRODUCTION

Objective of the study

- To place in the public domain various facets and dimensions of black money and its complex relationship with the policy and administrative regime in the country.
- To presents the framework, policy options, and strategies that the Government of India has been pursuing to tackle this issue, especially recent initiatives and developments.

- To contribute to the ongoing debate on the issue of black money and help develop a broad political consensus regarding the future course of action to address it.

Relevance of Study

- It would help to know source of black money, domestic black money, money stashed in abroad, status of black money, effects of black money, future challenges of black money and institutions deals with black money.

Statement of Problem

For the complexity of the problem of black money is the differences in perceived interests and objectives of taxpayers and the tax authority. Theoretically, one can postulate a particular level of regulation and tax that creates appropriate balance between the three different but related objectives, namely ensuring efficiency of a market economy, ensuring efficiency of the state with respect to its goals of providing requisite public goods and promoting equity, or what is often referred as good governance, and ensuring that the incentives for compliance are not distorted in a self-defeating manner..

Hypothesis of Project

Indian government just focused on making committees rather than to implement. The main reason behind the generation of black money is the Indian Political System Violation of laws by central and state government leads to criminal activities which in turn lead to generation of black money in Indian economy.

Black money is spread everywhere in India up to a large extent which continuously stashed towards abroad in a very large amount, Black money in India is very difficult task only due to the existence of one reason i.e. poor implementations of laws which leads to sophisticated crime in the economy and thus generates black money.

Introduction to Black Money

According to National Institute of Public Finance and Policy (NIPFP) defines in its 1985 report on Aspects of Black Economy -

“Black Money is the aggregate of incomes which are taxable but not reported to authorities.” There is no uniform definition of black money in the literature or economic theory. In fact, several terms with similar connotations have been in vogue, including ‘unaccounted income’, ‘black income’, ‘dirty money’, ‘black wealth’, ‘underground wealth’, ‘black economy’, ‘parallel economy’, ‘shadow economy’, and ‘underground’ or ‘unofficial’ economy. All these

terms usually refer to any income on which the taxes imposed by government or public authorities have not been paid. Such wealth may consist of income generated from legitimate activities or activities which are illegitimate per se, like smuggling, illicit trade in banned substances, counterfeit currency, arms trafficking, terrorism, and corruption. Thus, in addition to wealth earned through illegal means, the term black money would also include legal income that is concealed from public authorities:

- To evade payment of taxes (income tax, excise duty, sales tax, stamp duty, etc);
- To evade payment of other statutory contributions;
- To evade compliance with the provisions of industrial laws such as the Industrial Dispute Act 1947, Minimum Wages Act 1948, Payment of Bonus Act 1936, Factories Act 1948, and Contract Labour (Regulation and Abolition) Act 1970; and / or
- To evade compliance with other laws and administrative procedures.

Factors Leading to Generation of Black Money:-

- A. Crimes:
- B. Illegal Activities:
- C. Burden of Taxation:

Study of Institutions in India to Deal with Black Money

1. Central Board of Direct Taxes:-
2. Enforcement Directorate:-
3. Financial Intelligence Unit:-
4. Central Board of Excise and Customs and DRI:-
5. Central Economic Intelligence Bureau:-
6. CBI and Police Authorities:-
7. State Police Agencies:-

The Analysis of Tackling the Menace of Black Money in India:

- Evolution of Strategies to Control Black Money in India:-
- Joining the Global Crusade against Black Money:-
 - India's actions through the G20
 - Global Forum:-
 - Financial Action Task Force:-
 - United Nations Convention Against Corruption:-
 - United Nations Convention against Transnational Organized Crime:-

- Creating an appropriate legislative framework:-
 - Prevention of Money Laundering Act:-
 - Prevention of Benami Transactions:-
 - Public Procurement Bill:-
- Lokpal and Lokayukta Bill:-
- Setting up Institutions for Dealing with Illicit Money:-
 - A. Directorate of Criminal Investigation:-
 - B. Cell for Exchange of Information:-
 - C. Income Tax Overseas Units:-
 - D. Strengthening the FT&TR Division in the CBDT:-
 - E. Strengthening of Investigation Division of the CBDT:-

Supportive Measures

1. Creating Public Awareness and Public Support:-
2. Enhancing the Accountability of Auditors:-
3. Protection to Whistleblowers and Witnesses:-
4. Need to Join International Efforts and Use International Platforms:-
5. Need to Fine-tune Relevant Laws and Regulations:-
6. Strengthening of Social Values:-

Conclusion

This project presents the different aspects of black money and its relationship with policy and administrative measures in our country. It also reflects the policy and strategies that the Government has been pursuing in the context of recent initiatives, or need to take up in the near future, in order to address the issue of black money and corruption in public life.

There is no doubt that existence of black money has a significant impact on social, economic and political levels of our lives which has a significant effect on the institutions of governance and conduct of public policy in the country.

So we can't say that India is a poor nation. In fact, India is amongst the Richest Nations if Stashed Black Money is brought back & converted to White Money and fresh generation of Black Money is put to an end.

Suggestions

- Our Government should make its foremost objective to control black money in our country.
- E-Governance should be started by the Government i.e. the use of technology be made as far as possible like E-Registration with Revenue Authorities, E-Filing of Returns, etc. because more the involvement of human beings, more is involvement of corruption, ultimately generating Black Money.
- Black money revolves around in cash only so the Government should put restriction on cash transactions wherever possible and instead should increase the use of Plastic Money like Debit Cards, Credit Cards, etc. and by other such means.

REFERENCES

- Report on Black Money White Paper May 2012.
- Report of Ministry of Finance.
- Report on Department of Revenue
- Report by Central Board of Direct Taxes , New Delhi