

A Study of Black Money and Its Impact on Indian Economy

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Abstract: Recently, the issue of black money has come into the forefront of the society with active participation of the growth and the parliament. In the context of the current status, it includes sources from where black money is generated and its uses in the country at different levels. This paper represents the framework, policy options and strategies the Indian Government should adopt to tackle with the issue and also discusses the impact on economy in this context. The study shows up to the generation of black money which has significant impact on various sections of the society. An analysis of the problem provides the ongoing issue of black money in India and its future course of action. There should be a strong and appropriate legislative framework to control the generation of black money. The present paper also helps to know about the current status of black money in India and its impact on economy.

Keywords: Corruption, Current status, Indian economy, Black money, Legislative framework.

INTRODUCTION

Black money eating into the social and moral framework of Indian economy is undermining the socio-economic objectives and is responsible for manifest and lavish consumption. Black money fosters concentration of economic power in the hands of undesirable groups in the country.

With liberation of restrictions and relaxation of foreign exchange control, new opportunities have emerged for black money; globalization has reduced the cost of these sophisticated methods thereby facilitating generation of black money. It is possible that the black money procreated by Indians is being routed back to India [1]. It could be predicted once that India will become one of the greatest economies in the world be the top as regards developed country very soon, but unfortunately it did not happen. A multi-pronged strategy is needed to deal with the issue of generation of black money and its illicit transfer outside the country by the Central and State Governments in a co-ordinate manner.

REVIEW OF LITERATURE

Review of literature helps a researcher know limitations of existing work or may assist to extend prevailing study. Also, it helps in rationalizing the results of study when compared with previous results. Black money has induced many empirical studies. A brief review of the literature is presented here.

Vijay Kumar Singh [2] presented a paper on "Controlling money laundering in India-Problems & Perspectives" and showed that controlling black money in India is a very difficult task mainly due to poor implementation of laws leading to sophisticated crime in the economy and, thus, creating black money.

Sukanta Sarkar [3] in his study, "A Parallel Economy in India: Causes, Impacts & Government Initiatives" opined that the main reasons behind the generation of black money and tax evasion in India is the political system. The Government here just focuses on making committees rather than to implement it; implementation of policies is not suitable to control black money and tax evasion in the country.

CA Lalit Mohan Agarwal [4] edited the "White Paper on Black Money" and observed that violation of laws by the Governments leads to criminal activities which, in turn, accelerate generation of black money in Indian economy.

Mr. Nishant Ravindra Ghuge and Dr. Vivek Vasantryo Katfare [5] in his study "A comparative Study of Tax structure of India with respect to other countries" observed that Indian tax structure lags behind on almost every indicator. There is a strong requirement for a serious review and action on the part of the Governments for simplifying the tax structure.

Tax Research Team [6] in their working paper, "Impact of demonetization on Indian economy" stated in favor of demonetization. Its main objective is to analyze the impact of demonetization on Indian economy. This paper shows the impact of such a move

on the availability of credit, spending and level of activity and government finances.

Dr. Devarajappa S. [7] in his study, "Tax Reforms in India: A Study of its Impact on the Revenue of the Government" suggested that there is a need to calculate the people about Indian law and create such an environment in which they pay their due taxes and that they do not evade the tax and feel proud in discharging their duty to pay the taxes.

MATERIALS AND METHODS

Research Methodology

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. The study covers several phases. Firstly, the paper discusses the conceptual settings of black money; secondly, it states the objective of the study; thirdly, it is concerned with the examination of the current status of black money in India; fourthly, the paper presents the impact of black money on Indian economy; fifthly, 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.

RESULTS AND DISCUSSION

Black Money-Conceptual Setting

Generally speaking, the term Black Money stands for money earned by illegal means and kept secret and unaccounted for. It has many synonyms including underground economy, parallel economy, shadow economy, unofficial economy, unaccounted economy, etc. 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. There are certain sectors and activities from which black money generates e.g. land and real estate transactions; bullion and jeweler dealings, complex financial market transactions; charitable activities; informal sector and cash economy, self-employed professionals; external trade and transfer pricing, etc.

Tax evasion is an illegal attempt to reduce the tax liability deliberately under-reporting or not reporting taxable incomes 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. 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].

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".

Objective of the Study

- The study is carried out with the following basic objectives:-
- To know the current status of black money in India;
- To study the main reason behind the generation of black money;
- To study the impacts of black money on the Indian economy.

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 of black money and unaccounted wealth is stashed abroad every year; ii) secondly, the Government's response to apply this issue has been inadequate or considerably negligible. Almost all sectors in India like real estate, financial market, bullion & jeweler market, non-profit organizations, external trade, etc. generate black money and evade tax for their survival in the market. Apart from this, black money in India persists owing to the existence of *Demonstration Effect* i.e. the way to live a life in terms of others point of view. People of India are very much affected by the lifestyles of other people of the society who are maintaining considerably high status, and in turn, want to be like them. As such, to fulfill their 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 in every field 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. Significant amount of black money in India is now being generated by *Manipulation of Accounts* which helps to generate large amount of black money. Many times, the Indian Government has failed to collect the estimated amount of tax from the people of our country and for this, credit has to go to the black money driven underground economy. Generation of black money stashing abroad in tax havens and recovering such illicit wealth secreted in these accounts is one of the dominant issues. The tax evaders are in the habit of keeping the money away from the deserved. If all the black money in the tax havens is recovered and used by the Indian Government, all the outstanding liabilities of the country could be paid off and money would be left for spending. Due to the existence of

black money, India is facing the problem of paucity of capital which has the direct impact on the up gradation of technology in all sectors of the economy. Impact on growth by moving investments on gold, stones, jeweler, etc. has caused Indian economy to stall on its growth; otherwise, our economy would grow more in no time. Generation of black income in a country like India also results from other several activities like bribery, kickbacks, smuggling, property deals, commissions, etc. which enhance the areas and activities of parallel economy. Middle income persons earning their livelihood by end means are mostly affected by black money.

The vital cause of existence of black money is the presence of *Corruption* in every field of the economy. The following may be cited in this context:-

- Any common man desiring to get a job in any public institution like bank, transport or educational institutional, etc. is forced to pay sufficient consideration i.e. BRIBE to the concerned authority. Thus, the public authority and the common man generate and use black money in a considerable way.
- 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.
- In some educational institutions, examination fees, practical fees are higher than the quoted fees. In this way, black money is generated and used in large and reputed educational institutions.
- 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.
- Indian political system also generates and uses considerable proportion of black money. At the time of elections, political leaders spend a lot of money to win or as is said to occupy a chair. After election, the winning party just focuses on earning huge amount of money by taking bribes, even for small activities. Such black money is either deposited in foreign banks like SWISS BANK or invested in real-estate in other countries like Dubai, etc. Manipulation of accounts is another devise through which significant amount of black money is generated in India. Manipulations take place in the form of maintenance of out of book transactions & two parallel books of accounts and under-report of production figure.
- Apart from these, common people are also responsible for generation of black money. Usually, they produce fake bills for saving tax or for claiming T.A. Sometimes, they give bribers to builders to reduce stamp duty, etc.

Impact of Black Money on Indian Economy

India is facing major problems like tax evasion, black money, the existence of parallel economy, etc. evidencing that the Indian socio-economic system requires some major reforms in future to address all these problems. The flow of black money is seriously affecting the entire economic system of India. Some of the important 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. Black money covers different sectors like real estate, mining, telecom, etc. Various studies show how illicit wealth affects GDP.
- **Growth of Mass Poverty-** The misdistributions of wealth and income in India by the growth of underground economy affect the common people in many ways. The tax evaders keep the money away from the deserved. Recovery of black money in the tax havens and use thereof by the Indian Government can pay off all the outstanding liabilities of the country and the money will still be left for spending.
- **Uncontrollable Inflation-** Unexpected black money in the open market causes prices of commodities to increase to a level beyond normal. Consequently, the people having more money offer more money on specific items. Black money turns down the Government's move to control the credit flow in the market which results in some sorts of pressure on the economy.
- **Lack of Technology-** Due to the existence of black money, India is facing the problem of shortage of capital. This 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 are largely investing in precious metals like gold and other jeweler with the belief that investment in gold is difficult to trace. Gold can be bought and converted back to money any time with less efforts and time. Thus, flow of underground money has caused Indian economy to stall on its growth. Estimation says that if all the money in the underground economy could be diverted to our main economy, Indian economy would grow more and more.
- **Inflated Real Estate-** People with deep pockets desirous to pay more for a piece of land usually increase the price of surrounding land and, thus, 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. Under-invoicing of exports and over-invoicing of imports

are the two important methods 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 creating black money in the economy results in growing underground market and helps black money-holders to take undue advantage from higher authority to reach their desired goal and, thus, others are pushed down the stack.
- Increase in Inequality- Black money leads to increase inequalities of income that widens the gap between the rich and the poor of India.
- Wasteful Consumption- Black money leads to wasteful consumption in the Indian economy which otherwise was used for investment.
- Decrease in Working Efficiency- Black money decreases working efficiency of people as they get used to earn black money by easy means and start preferring leisure to work.

Measures taken by the Government

Efforts have been made from time to time to restrain tax evasion and govern black money with the help of various means like lowering of tax rates; tax amnesties; advance tax payments; withholding tax or tax deduction at source; presumptive tax for small traders; permanent account number or general register number, survey of income tax; summons, search and seizure; penalties and prosecutions, use of information technology in tax administration, etc.

- Lowering of Tax Rates: - Low tax rates are welcome subject to improvement of compliance and revenue yield. However, expecting low tax rates would improve compliance automatically is unrealistic because tax evasion occurs at all levels of income.
- Tax Amnesties: - Tax amnesties or voluntary disclosure schemes 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, tax amnesties are criticized on the ground that they provide premium on dishonesty and are unfair to honest taxpayers. They set precedents and encourage tax evaders with the hope that they will be let off mildly for their past misdoings any time in the future. Honest taxpayers are demoralized. Tax enforcement machinery also loses respect in the eyes of the common man.

Also, the Government 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].

- 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.
- Tax Deduction at Source (TDS): - Improvement in the percentage share of direct taxes has taken place due to the widening of the tax base, presumptive taxation and broadening the scope of TDS. But, TDS scheme suffers from lack of proper monitoring and scrutiny.
- 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. However, this fails to yield the desired results. In its place, estimated income scheme for retail traders takes place.
- 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.
- Survey of Income - tax: - Income-tax authorities may conduct from time to time a shop-to-shop or house to house rope in new assesseees. Officials' conducting the survey 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.
- Summons, and Search and Seizure: - Under Section 131, 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 person concerned is issued summons to enforce attendance for verifying the authenticity of various types of transactions like capital contributions, business transactions, borrowing of funds, investment transactions, etc. The authorized officials can carry out search and seizure operations. They can enter and search any building, place or vehicle in occupation of the person being searched, break the lock and examine any box, locker, almirah, etc. and seize any books of accounts, other documents, money, bullion, jeweler, etc.
- 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 on the ground of genuine hardships. Furthermore, under section 279(2) of the Act, officers are empowered to compound an offence either before or after the institution of prosecution proceedings although these powers are discretionary and cannot be challenged in a court of law.

- 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 cards. A person desiring to furnish return of income can use E filing, another contrivance through the internet and sign it digitally or manually.
- Legislative Measures to Prevent Generation of Black Money: - A large number of proactive steps have been taken to prevent an appropriate framework 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 Redressal 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.

According to the Finance Minister of India "Major Breakthrough" has been made with the Swiss authorities and certain critical and actionable information obtained 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:-

- Punishment of 10 years' Rigorous Imprisonment in case of evasion of tax in relation 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 to be made a predicative offence under the Prevention of Money Laundering Act can attract a separate prison term.
- Further, Foreign Exchange Management Act (FEMA) subject to amendment ensures punishment in such cases too.

In a nutshell, illicit foreign asset would attract imprisonment under the new money law, get taxed at the maximum marginal rates, invite 100 percent penalty besides being prosecuted under PMLA and possibility of assets of equivalent value within India being attached with appropriate amendments to FEMA.

CONCLUSION

Concluding Observation

Prevention and control of black money is a pre-requisite for establishing an equitable, transparent and a more efficient economy. Black money- the basic fiscal malady is undermining the socio-economic objectives and is responsible for manifest and lavish consumption, reduced savings and increasing gap between the rich and the poor. Generation of black money and its stashing abroad in tax havens and offshore financial centers have predominated discussions and debates publicly now; currently, Members of Parliament, the Supreme Court of India and the public at large have unequivocally expressed concern on the issue. Even after uproar in the Parliament, the Government of India came out with a White Paper on Black Money in May, 2012 presenting the different facets of black money and its complex relationship with policy and administrative regime in the country which also reflects upon the policy options and strategies the Government has been following to address the issue of black money and corruption in public life. Globalization and liberalization of restrictions on cross-border flow of goods and services, relaxation of foreign exchange control etc. have accelerated new opportunities for tax evasion through tax havens, misuse of transfer-pricing and other sophisticated methods. They have also reduced the cost of these sophisticated methods thereby facilitating generation of black money and its transfer across the border. The fight against generation and accumulation of black money and curbing black money is far more complex and prolonged requiring new strategies and stronger intervention of the state which, in turn, needs a 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. Reduction and simplification of tax laws, removal of loopholes in the tax system, proper processing of information available, etc. can be the best tool for improving Indian tax compliance. Education to the people about the Indian Tax laws and creation of a favorable atmosphere help much to pay their due taxes and, thus, they feel proud in discharging their duties to the nation. The Government of India has announced several schemes offering opportunities to bring black money overboard but the result is not fruitful. DTC Bill, 2010 is an urgent need for effectiveness of tax laws and prevention of tax evasion. Tax evasion and generation of black money have been creating serious impacts on the socio- economic system of the country.

Suggestions

To unearth black money and curb tax evasion, the following suggestions are put forward: -

- In a federal structure and democratic nature of Indian governance, any long-term strategy to deal with black money and tax evasion must ensure

public acceptance, broad-based political acquiescence and commitment to implement it necessitating co-operation between the Central and State Governments.

- A globalized economy needs strong initiatives on the part of the Government, mutual co-operation internationally, institutionalization and expansion of information exchange network at the international level for checking cross - border flow of illicit wealth. 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 related facilities is essential for generating actionable intelligence.
- Appropriate legislative framework and speedier judicial processes are essential to deal with illicit money and tax frauds.
- Social sector schemes involving public expenditure under various programs reportedly suffer from possible manipulations and leakages. Direct transfer to the accounts of beneficiaries can provide solution as it would prevent manipulations like bogus muster rolls, etc.

Special Investigation Team (SIT) constituted by the Prime Minister, Narendra Modi to look into the issue of black money, investigation, initiation of proceedings and prosecution in some high-profile tax evasion cases is an effective step in this direction.

- Mix Strategies for curbing Black Money:- It consists of different pillars such as:- a) Reducing Disincentives against Voluntary Compliance (e.g. rationalization of tax rates, reducing transaction costs of compliance and administration, further economic liberalization, etc.); b) Reforms in Vulnerable Sectors of the Economy (e.g. financial sector, real estate, bullion and jeweler sector, cash economy, mining and allocation of property rights over natural resources, equity trading, misuse of corporate structure for generation of black money, non-profit organizations and the corporative sector, etc); c) Creating Effective Credible Deterrence (e.g. integration of databases leading to actionable intelligence by monitoring agencies strategies to strengthen direct tax administration, prosecution mechanism, exchange of information, income-tax overseas units, efforts to be undertaken at international forums, international taxation and transfer pricing, effective curbing of structuring through tax havens, strengthening of indirect tax administration, Financial Intelligence Unit, Central Economic Intelligence Bureau, Directorate of Revenue Intelligence and Enforcement Directorate, Joint Task Force, etc.); d) Supportive measures (e.g. creating public awareness and public support, enhancing accountability of auditors, protection to whistleblowers and witnesses, need to join

international efforts and use international platforms, require to fine-tune relevant laws and regulations, strengthening of social values, etc.).

- Strategies for Curbing Generation of Black Money through Illegal or Criminal Activities: - Strategies for curbing the illegal or criminal activities require active participation of the state governments and all political stakeholders to commit themselves to pursuing these activities. Organized crime exists in many areas and often can get mixed up with unreported legitimate activities in vulnerable sectors. Strict action by either government can curb these activities. 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. Besides, criminal activities like counterfeit currency, drug trade and terrorism are also the major sources of black money generation and controlling them is one of the great challenges before society. Both the central and the 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 include - a) Repatriation of Black Money stashed abroad requires coordination and cooperation of other country and to achieve this end, the government has been sternly working to evolve an environment and create legal mechanisms through global consensus and specific bilateral treaties; b) Voluntary Disclosure Schemes and Tax Recovery is another strategy for bringing back black money stashed overseas; c) Agreement between countries for revenue sharing is also a strategy to arrest black money. India has already taken up this issue with Switzerland. It requires assessing the costs and likely benefits of the steps before taking any policy decision. Thus, India will decide first, as to whether such type of agreement will meet its national objective.
- Efficient tax machinery capable of cross-checking a large number of invoices through an elaborate computer system is pre-requisite for successful implementation of GST.
- Disparity between resources deployed by the multinationals and those available with tax administration, particularly of developing countries requires vast reforms for improving the capacity of tax administration and equipping it with necessary resources to meet such modern challenges.
- Current high level of taxation leaves the Government with little scope for maneuverability for raising additional resources in times of emergency.
- Changes in law and procedures to ensure that the controls necessary for the health of the economy

are administered effectively and with the least harassment to the public.

- Reasonable grants-in-aid should be given by the Government to national political parties and recognize such parties and determine the extent of grant-in-aid to each of them. Donations by taxpayers other than companies to recognized political parties should be allowed as a deduction from the income subject to certain limitations.
- The basic criteria for selecting cases for annual scrutiny should be uniform throughout the country.
- Entertainment expenditure incurred for the betterment of the taxpayers' business and directly related to its active conduct should be allowed to be deducted up to the ceilings prescribed under section 37(2) of the Income-tax Act, 1961.
- A penalty based on income instead of tax hits the smaller taxpayers more harshly and as such, it should be concerning the tax sought to be evaded, instead of the income concealed. The present policy of having a statutory minimum for penalties has, on the whole, had a healthy effect and it should, therefore, continue.
- The department should completely reorient itself to a more vigorous prosecution policy to instill fear and whole some respect for the tax laws in the minds of the taxpayers. Further, where there is a reasonable chance of securing a conviction, the tax dodger should invariably be prosecuted. It is also necessary to change the attitude of the people towards the Government and its laws.
- The tools followed at the command of the department for complete re-orientation to its methods of intelligence and investigation to cope with the increasing refinement and sophistication of the techniques of tax evasion should be thoroughly overhauled and streamlined to tackle the menace of tax evasion efficiently.
- The officers selected to man the intelligence and investigation jobs should be imparted thorough an intensive training at the central staff training college to equip them with the necessary expertise for satisfactory performance of their onerous and responsible tasks.
- Unexplained expenditure should also be brought to tax.
- 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 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. Article 269 of the Constitution may be amended to include taxes on agricultural income in the list of taxes levied and collected by the Union. Agriculture should also contribute to the National Exchequer in much the same way as other sectors are doing for equity and distributive justice.
- CBDT should lay down each year a program and specify targets for collection, collation, and diffusion information to secure efficient functioning of the set-up, standards of work and performance.
- 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 as black money revolves around in cash only.
- Tax evasion cannot be tackled by stringent legal measures alone. Measures should be supported by strong public opinion against black money and tax evasion. The foremost course of action is the denial of the privileges which are still available to the tax evaders.
- Taxpayers having found filing their correct returns and meeting their tax obligations regularly and promptly should be treated by the department as starred assesseees.
- 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.
- More involvement of human beings draws involvement of corruption, ultimately generating black money.
- The GST Act, 2017 should be expeditiously implemented as the spin-off from its implementation would provide ample resources to more than compensate the loss apprehended by the certain state governments.
- The Government must consider ways to mitigate the manpower shortage issues which are seriously hampering the functioning of various agencies particularly the CBDT and CBEC. These necessitate be taking up and implementing on a fast track basis to show the Government's resolve to tackle the issue of black money.
- A challenge to the Government of India is to reduce the transaction costs associated with compliance and administration, the major disincentives for generation of black money.
- The conventions will help India get international cooperation in tracing, seizure, freezing and confiscation of the proceeds of crimes under a wide range of mutual legal assistance clauses, even with countries with which it has no mutual agreement and prevent generation of black money.
- The biggest challenge to the Government of India is to bring back money from abroad. This goal cannot be achieved by the Government alone as it requires co-ordination and co-operation of other countries as well as authorities to fulfill this. So, the Government needs to evolve an environment

and create the legal mechanism through global consensus, co-ordination, and specific bilateral treaties.

Concluding Comment

A multi-pronged strategy is essential to deal with the issue of generation of black money and its illicit transfer outside the country and for bringing back to India. The factors leading to generation of black money in India 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 generation of black money. In fact, a comprehensive mix of well-defined strategies is urgently required with patience and perseverance by both the Central and State Governments and put into practice in a co-oriented manner. The effect of black money on the economy of the country cannot be described as calamitous. Now, India is seriously handicapped in its endeavor to march forward. The resources required for development are not sufficiently appearing for the reasons that business is carried on in the 'black'. Black money is like a cancerous growth in the country's economy which, if not checked timely will surely guide to its ruination. This paper makes an attempt to present the various aspects of black money and also its relationship with policy and administrative measures in India. It shows the policy and strategies pursuing in the context of current initiatives or need to be taken up in the near future to address the issue of black money and corruption in common life. Black money is a curse to any country and grows underground market. Needless to mention that existence of black money has a significant impact on social, economic and political levels of the Indians as well as on every organization of governance and conduct of public policy in our country. The Indian Government is in the habit of forming committees even for a small issue but does not force for its implementation for the sake for the nation. It is a big challenge for our Government to properly form committees and run them in a very efficient and effective manner. Effective implementation of the tax laws can arrest black money and tax evasion. There is a need for creating transparent, responsive and less discriminatory administrative system so that one can fulfill duty first and claim right next. Educating the people and creating a favorable environment can induce the people not to evade tax and, thus, they feel proud in discharging their duty to pay the taxes. Since independence, the Government has at various times announced several schemes offering opportunities to bring black money overhead but the results are not fruitful.

India should leave no stone unturned to bring back black money stashed abroad and convert it to white money so that fresh generation of black money is put to an end.

Research Opportunities

Research work on black money in India is insufficient. The basic reason behind this 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 break-down 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. A considerable portion of it may either be converted into assets or spent away in consumption or else which is in circulation in undisclosed business dealings.

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