

# PM sends clear message with black cash crackdown

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**New Delhi:** The NDA government's first Cabinet decision, taken on May 27, 2014, saw PM Narendra Modi setting up a special investigation team (SIT), headed by a retired SC judge, to oversee a coordinated crackdown on black money, an intent that has marked several administrative and legislative actions since then.

The government has been partly successful, with three amnesty schemes and thousands of searches and surveys by the income tax department, the CBI and the Enforcement Directorate yielding disclosures of more than Rs 1 lakh crore in unaccounted for income. The Income Disclosure Scheme of 2016 brought more than Rs 67,000 crore into the system. The "return" of black money promised during the 2014 campaign is a matter of legal process in cases where it has been identified, but initiatives like demonetisation are intended to signal a preparedness to take on vested interests.

The demonetisation of Rs 500 and Rs 1,000 notes last year was the most visible and controversial anti-corruption measure undertaken by the Modi government. It sucked out 85% of the currency in circulation and forced people to deposit cash in accounts. More than 18 lakh people have been identified for transactions in excess of permitted deposit limits.

Out of this, the I-T department has isolated around 1 lakh high-risk individuals who are likely to face investi-

gation, each of them having made deposits of over more than Rs 25 lakh in bank accounts from unverifiable sources of income. The message the regime sent through demonetisation was unambiguous: unaccountable cash piles were not safe. The government's unprecedented actions have also served the political purpose of sending out the message that Modi is serious about combating black money and hurting the rich in the process.



## Amnesty Schemes

The first amnesty scheme — for foreign assets, launched in 2015 — yielded Rs 2,500 crore in taxes and uncovered over Rs 4,000 crore in foreign assets. The income disclosure scheme of 2016, for domestic black money holders, can deliver Rs 30,000 crore in tax and penalties. Then, there was the PM's Garib Kalyan Kosh for people to disclose unaccounted-for income post demonetisation, which is believed to have received over Rs 4,000 crore.

The I-T department launched its 'operation clean

money' on January 31, conducting about 9,000 search and survey operations against major tax evaders. The department managed to unearth an additional Rs 23,000 crore in undisclosed income. Now, the department is raiding high-profile politicians and their fronts.

## Legislative, other initiatives

The PMLA was amended in 2015, enabling "attachment of property equivalent in value held within the country where the property or proceeds of crime are held outside". The government also enacted the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act to confiscate black money stashed abroad.

These measures complemented the renegotiation of several double taxation avoidance agreements and tax information exchange agreements with tax havens which helped the government receive real-time information on round-tripping of unaccounted-for income. The Benami Transaction (Prohibition) Amendment Act, 2016, provides for attachment and confiscation of benami properties and jail of up to seven years.

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