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Research Papers

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## EFFORTS TOWARDS BRINGING BACK THE OVERSEAS BLACK MONEY

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### Abstract

*This study examined the 'Efforts towards bringing back the overseas black money and reducing the internal black Money in India'. The statements made by responsible Indians, which are published in different newspapers and websites are studied. To know as to whether the respondents agree or not and if they do, to what extent with the statements so made, about the problem of black money and the possibility of bringing back the black money kept abroad by the Indians 18 multiple choice questions were included in the questionnaire. The analysis of the survey revealed that-Quantum of internal black money is more than that is kept in Swiss bank. India has more black money than the rest of the world. Black money is the result of ineffective economic reforms.*

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Problem of black money is the result of coalition government. International banking rules are the major hurdles in bringing black money back. Govt is not at all serious about black money. Opposition parties take 'issue of black money' at the time of elections only. Political leaders are interested more in politics than the major issue of black money. The root cause of black money is cash donations to political parties. Adoption of a dual policy on the issue of black money stashed in foreign banks. Black money has corroded the moral fiber of Indian politics. Black money is coming back to India in the form of foreign direct investment. Rate of growth will increase if black money is brought back. Black money if brought back would help reduce poverty. Black money should be seized and utilized for welfare activities. Voluntary disclosure of income scheme (VDIS) like Steps should be taken to reduce black money. Black money should be declared as national asset. It is concluded that creating black money is the worst practice. It must be stopped without any delay. It is creating parallel economic force and reducing the real effect of the growth. The government must bring home the black money which is deposited in overseas banks.

### 1. INTRODUCTION:

Black money is the amount that is not reported to the government for tax purposes. It may be home black money or overseas black money. Home black money is the money generated in India from the corrupt practices e.g. taking bribe, black-marketing, commission, etc. and used for the financing illegal activities. If this money is made white and used in India it will remove the problem of poverty. Whereas the overseas black money is the money earned in India from corrupt practices same as home black money but kept in foreign banks or invested in foreign projects. The benefit of such investment goes to such foreign countries in which such money is invested. It is believed that if that money is brought to India, it can be used for repayment of foreign debt or it will reduce poverty of poor people, or it will increase growth rate and so on. This research paper presents the results of my survey on the topic

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'Efforts towards bringing back the overseas black money'.

## 2. DEFINITIONS:

The term black money is understood in a variety of ways. The business dictionary has defined the term black money as, 'Unaccounted-for and untaxed [cash](#) generated by dealings in a [black economy](#), black market, or [organized crime](#). [Holders](#) of black [money](#) try to convert it into white money through [money laundering](#)'. The free dictionary defines black money as, 'Income from illegal activities that is not reported to the government for tax purposes'. Thus, the term Black money is the income that is generated by illegal activities such as bribe, manipulation of accounts etc. and not reported to the income tax authorities for tax purposes. Contrasted to this is the white money that is shown in accounts and tax paid, if due.

## 3. NATURE OF PROBLEM:

The exact amounts of Black Money invested in India and foreign banks by Indian people are not known. However, following estimates are published in newspapers and on websites. According to Prof. R. Vaidyanathan of Indian Institutes of Management, the amount of black money is more than 72.80 Crores. According to opposition leaders the Black money is estimated to be around Rs 25 lakh crore, whereas according to Union Finance Minister Pranab Mukherjee, it is around Rs. 66 thousand crore. This shows that the amount of black money kept in foreign countries is huge.

## 4. HYPOTHESES:

In this study following hypotheses are tested.

Null Hypothesis (Ho): Overseas black money if brought back would accelerate the economic growth of India.

Alternative Hypothesis (H1): Overseas black money if brought back would accelerate the economic growth of India.

## 5. RESEARCH METHODOLOGY:

The sample size for the study is 50 persons in Sangli district. The sampling technique adopted is random sampling. The type of research is empirical in nature. The tools adopted to carry out the study are structured questionnaire consisting 20 questions which include 18 multiple choice questions and 2 open ended questions. The data collected will be tabulated and analyzed with the help of ratio analysis. The profile of the respondents is given in table 1.

Table 1: Profile of the Respondents			
Sr. NO.	Occupation of the Respondents	No. of Respondents	Percentage
1	Academician	10	20%
2	Industrialists	10	20%
3	Govt. Employees	10	20%
4	Traders	10	20%
5	Common Man	10	20%
	Total	50	100%
Source: Primary Data			

## 1. OBJECTIVES OF THE STUDY:

Study on curbing home and overseas black money is done with a view to achieve the following objectives.

- 1.1. To study the concept and general opinion about the black money in and outside India.
- 1.2. To know the general effects of black money on Indian Economy.
- 1.3. To collect information from public about the black money problem.
- 1.4. To tabulate the information so collected.
- 1.5. To interpret and analyse the tabulated data with the help of Ratio analysis.
- 1.6. To make conclusions about the black money problem in India.
- 1.7. To make appropriate suggestions and recommendations to reduce circulation of black money in India.

**2. SCOPE OF THE STUDY:**

The study is conducted in Sangli district on the basis of 18 statements about the black money published in the renowned newspapers and websites, to know how far these statements are ratified by the respondents. 10 academicians, 10 industrialists, 10 Govt employees, 10 traders and 10 common men are randomly selected for survey. The data analysis and the results are based on the responses received in the form of filled questionnaire. Though the sample is small, the study is unique and good contribution in the studies related to black money.

**1. DATA COLLECTION AND TABULATION:**

The respondents were asked about the following 18 statements -

**Nature of Problem:**

1. Quantum of internal black money is more than that is kept in Swiss bank.
2. India has more black money than the rest of the world.

**Causes:**

3. Black money is the result of ineffective economic reforms.
4. Problem of black money is the result of coalition government.
5. International banking rules are the major hurdles in bringing black money back.
6. Government doesn't want to bring black money back.
7. Opposition parties take 'issue of black money' at the time of elections only.
8. Political leaders are interested more in politics than the major issue of black money.
9. Political parties are the root cause for creation of black money.
10. Corruption and black money is the result of Dual policy of government of India.

**Effects:**

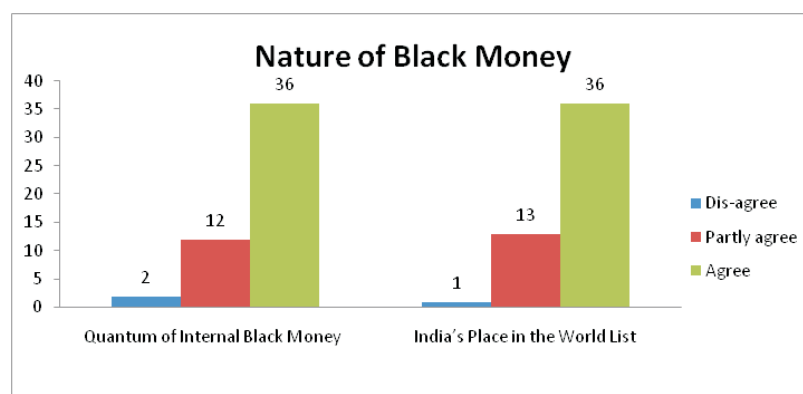
11. Black money has corroded the moral fiber of Indian politics.
12. Black money is coming back to India in the form of foreign direct investment.
13. Rate of growth will increase if black money is brought back.
14. Black money if declared as national wealth will remove poverty in India.

**Suggestions:**

15. Black money should be seized and utilised for welfare activities.
16. VDIS can be the best solution for bringing black money in country.
17. Death sentence be given to those who have black money.
18. Black money should be declared as national asset.

These statements are made by responsible Indians, which are published in different newspapers and websites. To know as to whether the respondents agree or not and if they do, to what extent with the statements so made, about the problem of black money and the possibility of bringing back the black money kept abroad by the Indians these 18 multiple choice questions were included in the questionnaire. The responses received are presented in the table 2.1 to 2.4 below.

Table 2.1: Responses on Nature of black money								
Sr. No	Particulars	Dis-agree	%	Partly agree	%	Agree	%	Total
1	Quantum of internal black money is more than that is kept in Swiss bank.	2	4%	12	24%	36	72%	50
2	India has more black money than the rest of the world.	1	2%	13	26%	36	72%	50
Source: Primary data								



### 1.1. Interpretation: Nature of problem

1.1.1. Quantum of internal black money is more: It is observed from the data tabulated above that out of the 50 respondents 2 (4%) dis-agree, 12 (24%) partially agree and remaining 36 (72 %) agree with the statement that Quantum of internal black money is more than that is kept in Swiss bank. Conclusion: Most of the respondents are of the opinion that Quantum of internal black money is more than that is kept in Swiss bank.

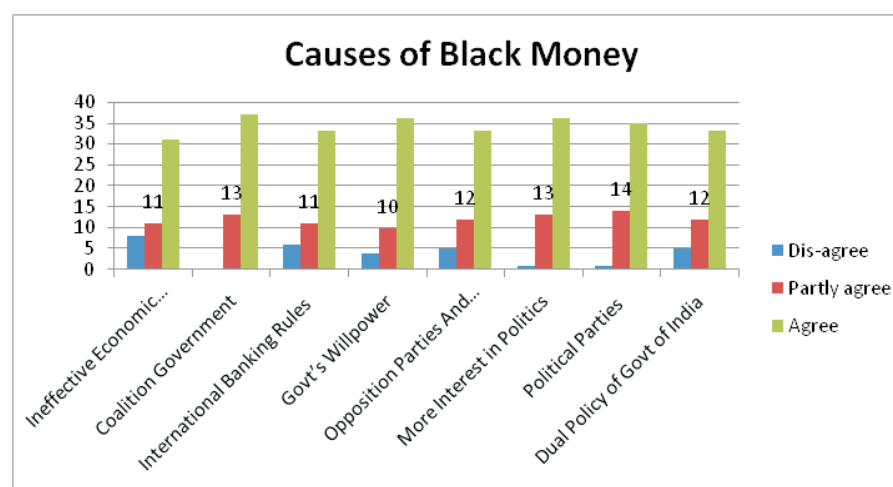
1.1.2. India has more black money than the rest of the world: It is observed from the data tabulated above that out of the 50 respondents 1 (2%) dis-agree, 13 (26%) partially agree and remaining 36 (72 %) agree with the statement that India has more black money than the rest of the world. Conclusion: India has more black money than the rest of the world.

**Conclusion:** India has more black money than the rest of the world.

Table 2.2: Responses on Causes of black money

Sr. No	Particulars	Dis-agree	%	Partly agree	%	Agree	%	Total
1	Black money is the result of ineffective economic reforms.	8	16 %	11	22 %	31	62 %	50
2	Problem of black money is the result of coalition government.	0	0%	13	26 %	37	74 %	50
3	International banking rules are the major hurdles in bringing black money back.	6	12 %	11	22 %	33	66 %	50
4	Government doesn't want to bring black money back.	4	8%	10	20 %	36	72 %	50
5	Opposition parties take 'issue of black money' at the time of elections only.	5	10 %	12	24 %	33	66 %	50
6	Political leaders are interested more in politics than the major issue of black money.	1	2%	13	26 %	36	72 %	50
7	Political parties are the root cause for creation of black money.	1	2%	14	28 %	35	70 %	50
8	Corruption and black money is the result of Dual policy of government of India.	5	10 %	12	24 %	33	66 %	50

Source: Primary data



### 1.1. Interpretation: Causes of Black money

1.1.1. Black money is the result of ineffective economic reforms: It is observed from the data tabulated above that out of the 50 respondents 8 (16%) dis-agree, 11 (22%) partially agree and remaining 31 (62 %) agree with the statement that Black money is the result of ineffective economic reforms. Conclusion: Most of the respondents are of the opinion that Black money is the result of ineffective economic reforms.

1.1.2. Black money is the result of coalition government: It is observed from the data tabulated above that out of the 50 respondents 0 (0%) dis-agree, 13 (26%) partially agree and remaining 37 (74 %) agree with the statement that Problem of black money is the result of coalition government. Conclusion: Most of the respondents are of the opinion that Problem of black money is the result of coalition government.

1.1.3. Hurdle of international rules and black money: It is observed from the data tabulated above that out of the 50 respondents 6 (12%) dis-agree, 11 (22%) partially agree and remaining 33 (66 %) agree with the statement that International banking rules are the major hurdles in bringing black money back. Conclusion: Most of the respondents are of the opinion that International banking rules are the major hurdles in bringing black money back.

1.1.4. Government doesn't want to bring back the black money: It is observed from the data tabulated above that out of the 50 respondents 4 (8%) dis-agree, 10 (20%) partially agree and remaining 36 (72 %) agree with the statement that Government doesn't want to bring black money back. Conclusion: Govt is not at all serious about black money.

1.1.5. Opposition parties raise issue of black money during the period of elections: It is observed from the data tabulated above that out of the 50 respondents 5 (10%) dis-agree, 12 (24%) partially agree and remaining 33 (66 %) agree with the statement that Opposition parties take 'issue of black money' at the time of elections only. Most of the respondents are of the opinion that Opposition parties take 'issue of black money' at the time of elections only.

1.1.6. Political parties are interested in politics: It is observed from the data tabulated above that out of the 50 respondents 1 (2%) dis-agree, 13 (26%) partially agree and remaining 36 (72 %) agree with the statement that Political leaders are interested more in politics than the major issue of black money. Conclusion: Most of the respondents are of the opinion that Political leaders are interested more in politics than the major issue of black money.

1.1.7. Political parties are responsible for black money: It is observed from the data tabulated above that out of the 50 respondents 1 (2%) dis-agree, 14 (28%) partially agree and remaining 35 (70 %) agree with the statement that Political parties are the root cause for creation of black money. Conclusion: The root cause of black money is cash donations to political parties.

1.1.8. Black money is the result of dual policy: It is observed from the data tabulated above that out of the 50 respondents 5 (24%) dis-agree, 12 (46%) partially agree and remaining 33 (66%) agree with the statement that Corruption and black money is the result of Dual policy of government of India.

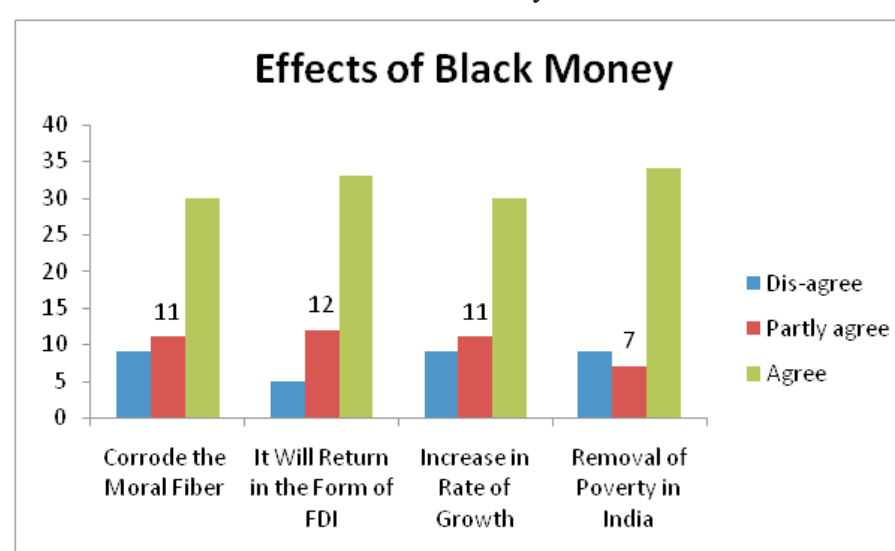
**Conclusion:** Adoption of a dual policy on the issue of black money stashed in foreign banks.



Table 2.3: Responses effects of black money

Sr. No	Particulars	Dis-agree	%	Partly agree	%	Agree	%	Total
1	Black money has corroded the moral fiber of Indian politics.	9	18 %	11	22 %	30	60 %	50
2	Black money is coming back to India in the form of foreign direct investment.	5	10 %	12	24 %	33	66 %	50
3	Rate of growth will increase if black money is brought back.	9	18 %	11	22 %	30	60 %	50
4	Black money if declared as national wealth will remove poverty in India.	9	18 %	7	14 %	34	68 %	50

Source: Primary data

**1.1. Interpretation: effects**

1.1.1. Black money has affected Moral fiber of Indian polity: It is observed from the data tabulated above that out of the 50 respondents 9 (18%) dis-agree, 11 (22%) partially agree and remaining 30 (60 %) agree with the statement that Black money has corroded the moral fiber of Indian politics. Conclusion: Most of the respondents are of the opinion that Black money has corroded the moral fiber of Indian politics.

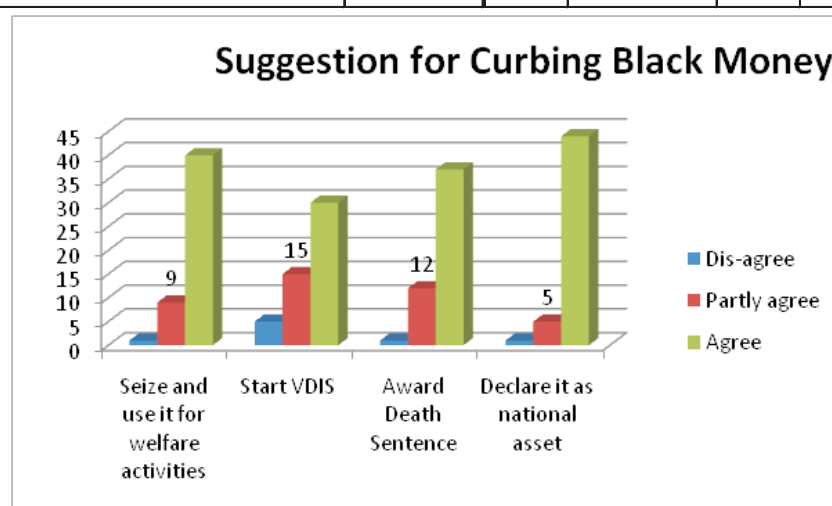
1.1.2. Black money coming back as foreign direct investment: It is observed from the data tabulated above that out of the 50 respondents 5 (10%) dis-agree, 12 (24%) partially agree and remaining 33 (66 %) agree with the statement that Black money is coming back to India in the form of foreign direct investment. Conclusion: Most of the respondents are of the opinion that Black money is coming back to India in the form of foreign direct investment.

1.1.3. If black money is brought back it will Increase Growth rate: It is observed from the data tabulated above that out of the 50 respondents 9 (18%) dis-agree, 11 (22%) partially agree and remaining 30 (60 %) agree with the statement that Rate of growth will increase if black money is brought back. Conclusion: Most of the respondents are of the opinion that Rate of growth will increase if black money is brought back.

1.1.4. Black money will reduce poverty: It is observed from the data tabulated above that out of the 50 respondents 9 (18%) dis-agree, 7 (14%) partially agree and remaining 34 (78 %) agree with the statement that Black money if declared as national wealth will remove poverty in India. Conclusion: If the black money is brought back then it would help reduce poverty.

Table 2.4: Responses on Suggestion for curbing black money

Sr. No	Particulars	Dis-agree	%	Partly agree	%	Agree	%	Total
1.	Black money should be seized and utilised for welfare activities.	1	2%	9	18%	40	80%	50
2.	VDIS can be the best solution for bringing black money in country.	5	10%	15	30%	30	60%	50
3.	Death sentence be given to those who have black money.	1	2%	12	24%	37	74%	50
4.	Black money should be declared as national asset.	1	2%	5	10%	44	88%	50
		73	0	203	0	624	0	900

**1.1. Interpretation : Suggestions for bringing black money back to India**

1.1.1. Black money can be used for developmental activities: It is observed from the data tabulated above that out of the 50 respondents 1 (2%) dis-agree, 9 (18%) partially agree and remaining 40 (80 %) agree with the statement that Black money should be seized and utilised for welfare activities. Conclusion: Most of the respondents are of the opinion that Black money should be seized and utilised for welfare activities.

1.1.2. VDIS will reduce black money: It is observed from the data tabulated above that out of the 50 respondents 5 (10%) dis-agree, 15 (30%) partially agree and remaining 30 (60 %) agree with the statement that VDIS can be the best solution for bringing black money in country. Conclusion: Voluntary disclosure of income scheme (VDIS) like Steps should be taken to reduce black money.

1.1.3. Death sentence to corrupt people: It is observed from the data tabulated above that out of the 50 respondents 1 (2%) dis-agree, 12 (24%) partially agree and remaining 37 (74 %) agree with the statement that of Swami Ramdev that Death sentence be given to those who have black money. Conclusion: After proving some of the black money might be returned to the concerned person and rest of the money declare as country's money, It would like the punishment is of life-for imprisonment not death sentence.

1.1.4. Black money to be declared as national asset: It is observed from the data tabulated above that out of the 50 respondents 1 (2%) dis-agree, 5 (10%) partially agree and remaining 44 (88 %) agree with the statement that black money should be declared as national asset. Conclusion: black money should be declared as national asset. And it has to be done now; otherwise we will be finished in next five years as the roots of our country are already uprooted by the corrupt politicians and so called white collared bureaucrats.

**1.2. Discussion type questions:**

1.2.1. How can we get back the black money to India? Following responses are given by the respondents to get back the black money to India:

- 1.2.1.1. 60 years old laws and legislations should be reviewed and changed to control the new ways of corruption.
- 1.2.1.2. Bilateral agreements with other countries to share the information relating to the foreign bank accounts.
- 1.2.1.3. CBI to play crucial role in searching black money within India.
- 1.2.1.4. Disclosure of the identity of those with loot stashed abroad.
- 1.2.1.5. Educated masses to think about the ideas for getting back the money back.
- 1.2.1.6. Effective implementation of the income tax act provisions relating to curbing of black money.
- 1.2.1.7. Enactment of legislation to make property transactions transparent.
- 1.2.1.8. Family members of the corrupt person to insist on moral values as advised by our past president Dr. Abdul Kalam.
- 1.2.1.9. Join global efforts to combat drug and terror funding.
- 1.2.1.10. Life sentence or capital punishment for those found guilty.
- 1.2.1.11. Make the law to protect and secure the complainant of black money.
- 1.2.1.12. Make the registration of all property on a particular website. The website should be accessible to the public. If any property is found unregistered a possessor should be punished.
- 1.2.1.13. Ordinance to declare black money a national asset with powers to seize as well as confiscate, be it at home or overseas.
- 1.2.1.14. Public to stop giving bribe for any kind of government work.
- 1.2.1.15. Stop state funding of elections, right from national to state, municipal and panchayat.
- 1.2.1.16. Do not to waste time and energy on these issues as everyone knows the end. It is better to consider that money as a charity given for betterment of other country, and ignore it. This seems to be a negative suggestion but can be considered as a last resort.
- 1.2.2. What should be the punishment for the people who have kept their black money in Swiss bank?: Following responses are given by the respondents to get back the black money to India:
  - 1.2.2.1. Their Black money should be seized and deposited in government treasury.
  - 1.2.2.2. Death sentence should be given to the people having black money.
  - 1.2.2.3. Income tax and fine as per rules (and not more) should be imposed on the people having black money.
  - 1.2.2.4. Life time jail should be given to the people having black money.

**2. SUGGESTIONS AND RECOMMENDATIONS:**

- 2.1. Ethics in public life has to be taught to reinstate the moral fiber in Indian politics.
- 2.2. Government should seize the black money and recover tax and fine on it. The same amount of black money should be utilised for welfare activities.
- 2.3. New economic reforms are needed to curb new types of corrupt practices and black money.
- 2.4. Foreign direct investment should be encouraged. It will help in bringing black money back to the country, which will partially serve the purpose.
- 2.5. Coalition governance has now become corruptive governance. In future, the public should vote to only one party to avoid coalition governments.
- 2.6. International banking rules are the major hurdles in bringing black money back. Therefore it is necessary to sign bilateral treaties regarding exchange of confidential information relating to bank accounts in which black money is kept by the citizens of either of the country, among the countries.
- 2.7. Government should take necessary step to bring black money to India which will result in huge growth burst for India.
- 2.8. Though the Governments are voted in on the basis that they will fight corruption "But after a couple of years they begin to realise that these politicians have lost interest in it and have become indirectly the supporters of black money. The change in election code should be made to include the right to recall.
- 2.9. It is true that some opposition parties take 'issue of black money' at the time of elections only.

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People should realise the culture of such parties and vote accordingly.

2.10. It is said that Quantum of internal black money is more than that is kept in Swiss bank. It is partially true. The income tax department should take steps to curb home black money.

2.11. It is true that Political leaders are interested more in politics than the major issue of black money. To make them aware of their rights right to recall would help.

2.12. It is true that most of the Political parties are the cause for creation of black money. NGOs and media should keep watch on such political parties and lift their veil.

2.13. The government should adopt firm policy to curb Corruption and black money.

2.14. Black money should be declared as national wealth which will remove poverty in India. However, necessary changes should be made in the present legislations in this regard.

2.15. Though VDIS is not the only solution, VDIS can be tried once more to bring the black money is market as done in 1997.

2.16. Death sentence to each possessor may not be practical; however it may be given to those who have collected more black money through underworld activities.

2.17. Black money should not be declared as national asset. However it should be seized and tax due thereon plus fine be recovered.

2.18. According to some estimates India has more black money than the rest of the world. To reduce black money the income tax rates should be reduced.

2.19. In my opinion, it is necessary to convince people that in the long run declaring income for tax purposes is beneficial than keeping in Swiss bank as Swiss bank deposits do not carry any interest.

### 3. CONCLUSION:

Creating black money is the worst practice. It must be stopped without any delay. It is creating parallel economic force and reducing the real effect of the growth. The government must bring home the black money which is deposited in overseas banks. The suggestions and recommendations received from the respondents given in (9) above will help the government in its endeavor.

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