Anti-Black Money Programs - Report Card

What is the issue?

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Despite various programs, systemic problems impede government attempts to rid economy of black money.

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What is the progress made by the programs?

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- The government has taken several steps in the last three years to reform the Indian economy.
- But the results have not always been up to expectations.
- **Black Money Act -** It aimed to bring back a few lakh crore of unaccounted money parked as overseas assets.
- But only 644 declarations were received, and just Rs 2,428 crore was collected in taxes.
- 90% of the collections came from just 5% of those who declared their assets.
- This meant that the act could accomplish only 5 to 10% of what was expected of it.
- **Income Declaration Scheme -** Launched in 2016 it gave an opportunity to people with unaccounted income or assets to come clean by paying 45% tax on such wealth.
- It was expected that a few lakh crore of unaccounted wealth would be declared, but the government could get declarations amounting to only Rs 55,000 crore.
- **Benami Transactions Amendment Act 2016 –** It was passed to curb deposits of black money in third party accounts.

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- In small towns and villages, there is a big difference between market value and stamp duty value of properties, particularly land.
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- **Demonetisation -** The government's idea was that counterfeit notes of Rs 500 and 1,000 as well as black money will remain undeposited and thus would go out of circulation.
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- It was expected that around three lakh crore of unaccounted notes would not be deposited in banks.
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- But these hopes weren't fulfilled and the RBI has not yet declared the final figure of the deposits it has received.
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- The expectation, that the parallel economy of black money will be wiped out, has been belied.
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- **Pradhan Mantri Garib Kalyan Yojana (PMGKY), 2016** - The scheme was launched to enable people who had deposited unaccounted cash in their own bank accounts or the accounts of third parties to make a declaration.
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- Only about Rs 12,000 crore of declarations were received.
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- People allegedly took the help of bankers and also used others' bank accounts to deposit their unaccounted money.
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- Banks did not make proper arrangements to detect counterfeit currency. Bold steps are not enough in themselves.
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- The loopholes in the system have to be plugged before any major reform is undertaken.
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Source: The Indian Express

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