

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
RAJYA SABHA
STARRED QUESTION NO. 12**

TO BE ANSWERED ON 11th DECEMBER, 2018/20th AGRAHAYANA SAKA, 1940

Rise in corruption after demonetisation.

***12. Sh. Vishambhar Prasad Nishad:**

QUESTION

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that there is sudden rise in corruption in various new fields in the country after demonetization;
- (b) the number of fake companies/ firms found involved in converting black money into white money after demonetisation and the details of action taken against these companies;
- (c) the amount of money converted into white money through these fake companies;
- (d) the number of bank employees found involved during demonetisation and the action being taken against them; and
- (e) the total amount in the form of Rs.500/- and Rs.1000/- notes deposited in the banks in an illegal manner during demonetisation ?

ANSWER

**MINISTER OF FINANCE
(SHRI ARUN JAITLEY)**

(a) to (e): A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. 12 RAISED BY SH. VISHAMBHAR PRASAD NISHAD, HON'BLE MEMBER OF PARLIAMENT TO BE ANSWERED ON 11.12.2018 REGARDING RISE IN CORRUPTION AFTER DEMONETISATION

(a): There is no evidence to show that there is rise in corruption after demonetization. On the contrary, demonetisation besides serving other objectives of eliminating fake currency, stopping terror financing, promoting formalization of economy, promoting digital payments and also succeeded in unearthing black money.

The Department of Revenue launched 'Operation Clean Money' on 31st January 2017 after demonetization, with respect to about 17.92 lakh persons whose cash transactions did not appear in line with their tax profile. High risk cases were made available to the field formation for effective monitoring and follow up.

During the period from November 2016 to March 2017, the ITD conducted searches on around 900 groups, wherein, assets worth over Rs. 900 crore were seized and undisclosed income of over Rs. 7,900 crore was admitted. Further, during the period from April 2017 to November 2017, around 360 groups were searched by the ITD, where assets worth over Rs. 700 crore were seized and a disclosure of over Rs. 10100 crore was made.

There has been substantial increased in ITR filing and direct tax collection post demonetisation.

(b) & (c): The Registrar of Companies (ROCs) have identified 2.97 lakh companies during 2017-18 which were not filing their Financial Statements or Annual Returns for a continuous period of two or more financial years and, prima facie, were not conducting any business or in operation and were effectively 'shell companies'. Out of such identified companies, ROCs have removed the names of 2,26,166 such companies as on 19.12.2017 from the register of companies by following the due process under section 248 of Companies Act 2013.

Section 250 of the Act provides that where a company stands dissolved under Section 248 (5) of Act, it shall cease to operate as a company and the certificate of incorporation issued to it shall be deemed to have been cancelled from the date of such removal. Restrictions were placed on the

operation of bank accounts of such removed companies by their ex-directors till such companies are revived under Section 252 of the Act. In addition to the above, the Central Government ordered investigation against 68 companies (which have deposited Rs. 25 crore or more) u/s 216 read with 210 (1) (c) of the Companies Act, 2013 as huge sums were deposited in the bank accounts of these companies and withdrawn in an abnormal manner post demonetisation.

(d) Disciplinary action has been taken against 211 employees of 13 public sector Banks (including erstwhile subsidiaries of State Bank of India). Wherever considered appropriate, Banks have lodged complaints with CBI /Police.

(e) The total value of SBNs in circulation as on November 08, 2016, post verification and reconciliation, was Rs. 15,417.93 billion. The total value of Specified Banknotes (SBNs) returned from circulation is Rs. 15,310.73 billion.
