

GLOOMY DOSH

MR. PRAVIN THORAT
Email:82thorat@gmail.com

DR. SUNIL DHANAWADE
sunil.dhanawade@gmail.com

DR. RASHID REHMAN PANSARE
Email:drrrpansare@yahoo.com

ABSTRACT

Gloomy Dosh and digitations of transactions is currently a hot topic of discussion. This paper is an effort to understand meaning and relation of Gloomy Dosh with India. This paper emphasis over definition and source of Gloomy Dosh. In this paperi had suggested the option to control but not elaborated with purpose to keep further improvement in narrating correction and meaning of Gloomy Dosh in respect on Indian attitude of business.

KEY WORDS: Gloomy Dosh, Laws, Money Laundering, Government, Corporate Governance

INTRODUCTION

After Prime minister Announcement to curb Gloomy Dosh in economy everyone start muttering the word Gloomy Dosh. Till habituated but no strong presence was felt expect some announcement and marriage occasions. Today it's very vital to understand the Gloomy Dosh concept and read and discus more to get familiar with meaning and relevance to our economy.

Gloomy Dosh its blamed to have richer to accomplished wealth in Swiss or other accounts bit actually the need to flow currency is other way of blocking funds and creation of Gloomy Dosh. Gloomy Dosh is not tangent but acting governance in good way remarked about visualising the relevant study of Gloomy Dosh

OBSERVATIONS

WHAT IS GLOOMY DOSH?

- Any amount of denominations or funds which are not in records or which are considered to be additional than regular business flow from normal activities or any income without consideration or any funds uncirculated or any amount in any kind circulated for false meaning may be termed as Gloomy Dosh.
- There is no uniform definition of Gloomy Dosh in the literature or economic theory. In fact, several terms with similar connotations have been in vogue, including 'unaccounted income', 'black income', 'dirty money', 'black wealth', 'underground wealth', 'black economy', 'parallel

economy', 'shadow economy', and 'underground' or 'unofficial' economy. All these terms usually refer to any income on which the taxes imposed by government or public authorities have not been paid. Such wealth may consist of income generated from legitimate activities or activities which are illegitimate per se, like smuggling, illicit trade in banned substances, counterfeit currency, arms trafficking, terrorism, and corruption. For the purpose of this document, 'Gloomy Dosh' can be defined as assets or resources that have neither been reported to the public authorities at the time of their generation nor disclosed at any point of time during their possession.- (Source: Government of India Gloomy Dosh Paper 2012).

- Gloomy Dosh is any money on which tax is not paid to the government. This is the universally agreed upon definition and most applicable to India. The process of transferring/moving this money is called laundering as opposed to 'transferring' because the money is essentially illegal and transfer/transaction has a positive connotation to them.(Source: <https://www.quora.com/What-does-black-money-exactly-mean>, by Sunny Mewati)
- Gloomy Dosh is money which is earned through any illegal activity controlled by country regulations. Gloomy Dosh proceeds are usually received in cash from underground economic activity and, as such, is not taxed. Recipients of Gloomy Dosh must hide it, spend it only in the underground economy, or attempt to give it the appearance of legitimacy through money laundering.(Source: <http://www.investopedia.com/terms/b/black-money.asp>, by Investopedia)

Apart from above defilation there are all the other ways may be a value addition to what can be called as Gloomy Dosh. Virtually the term Gloomy Dosh is very kin and interesting for every Indian as its correlate to earnings made in general either lawful or unlawful or direct or indirect.

ORIGIN OF GLOOMY DOSH:

No one can claim when actually intimated this and whom. But one can confirm that need or emerge of Gloomy Dosh mostly start when anyone or someone what excuse from procedure or law or act which is not possible in normal course of action. According to may authors origin is varies as below:

1. The problem of tax evasion in developing countries is therefore exacerbated, where evasion even by a wealthy few can have a comparatively larger impact. Gloomy Dosh is an expression commonly used for 'tax evaded money'. It is not a modern concept since it traces its origin back to the medieval and ancient times right from where the concept of taxation emerged. In the Indian context, this can rightly be related with Kautilya's book 'Arthashastra' which refers to different types of taxes and the punishments as a countermeasure for evading them. - Rakesh Mangia & Neha Malohatra, Lindinartical on Gloomy Dosh.
2. Every citizen of this country may be a senior lawyer, surgeon or doctor, builder or contractor, actor or superstar, director or producer, or any business tycoon now under pressure of GLOOMY DOSH issue in our country. Commonly said criminals such as politicians and administrative officers under most wanted in this list. The presence of Gloomy Dosh at foreign or inside the country, does not matters. I do not understand why these people kept this money at Swiss bank without getting any interest. If they deposit the same in nationalized banks inside our country, they shall be benefited and as well as country also. The GDP calculated was 1.3 lac crore now; if the same money was in our country then it may be of two lac crore. - Naresh Kumar Behera

Typically following are identified as major origins of Gloomy Dosh_

Area	Source of Gloomy Dosh
Politics	Election Funds, Party Donations, Party Activities for election, Party welfare Schemes for activists
Education	Donation, Result, Exam, Placements, Admissions
Government Offices	Taxes, Fines, Permissions, Concessions, Illegal Work
Corporate Offices	Jobs, Permissions, Completion's, Crime
Market (All including Money Market & Capital Market)	Regulations, misleading Facts, Profit Rationing, Cheating

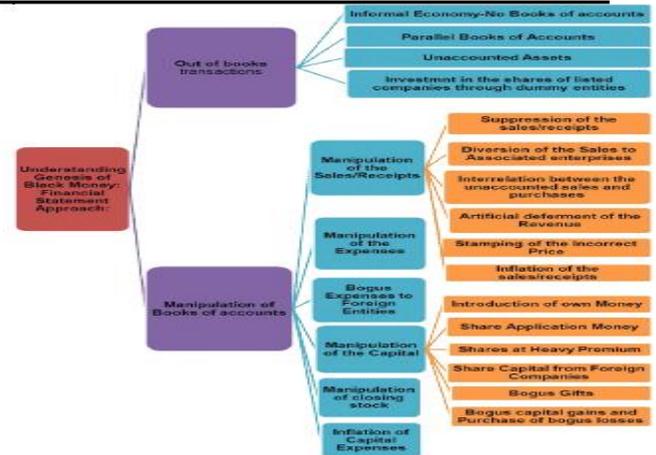


Image 1 (Source Govt. India White paper)

IMPACT OF GLOOMY DOSH ON ECONOMY

Generally Gloomy Dosh intimates and create parallel power centre in economy and disturbs regulations and flow of income hampering natural growth of economy. It also leads from destructions in social welfare and creation of differences between poor and richer. In just it can be said Gloomy Dosh majorly widens gap between rich and poor and creates social mass issues. Following is list of impacts generally observed over economy.

1. Dual Economy
2. Under-estimation and incorrect image building about and over economy.
3. Loss of income to government which influences in financing for welfare.
4. Gloomy Dosh affects the very concept of social justice by not allowing the desirable reduction in inequalities of incomes.
5. It leads to rise in differences or creation or widening of gap between the Rich and the Poor class of society.
7. Distortion of Production Pattern arises in economy. e.g. in case of construction 1Rk & 1 BHK issue or favouritism of luxuries arises.
8. Depriving the honest and poor people from their legitimate share. This obviously reduces the net economic welfare of the Indian society at large.
9. A rise in overall consumption leaves fewer resources for investment in priority areas, having an adverse effect on production.
10. Gloomy Dosh results in increased criminal activities

QUANTITY OF GLOOMY DOSH

It's always a surplus to gather information about how much is actual prevailing Gloomy Dosh in Indian economy. As per various government records its 15-20% of GDP. Whereas reports of CII and WTO indicates much larger till 35 to 40 percent of GDP and some say it's not accountable even as their is mix in calculations s no definite formula availed. Following is general estimation

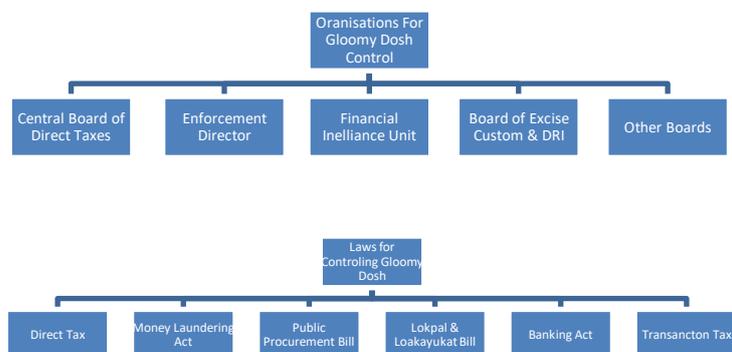
arithmetically based on committee estimations as percentage of GDP;

Year	Chopra Wanchoo Method	's estimates Own Method	Gupta & Gupta's estimates	Gupta & Mehta's estimates	Ghosh et.al's estimates	Rangnekar's estimates
1970	4.8	5.2	22.3	—	7.6	—
1971	5.1	3.2	28.7	—	7.8	—
1972	4.0	3.8	31.9	—	7.8	—
1973	4.9	8.1	27.1	—	7.4	9.9
1974	5.9	12.4	20.9	13.8	8.1	9.3
1975	5.6	9.9	25.0	—	8.4	10.0
1976	5.7	10.2	37.6	—	8.7	11.3
1977	5.9	12.8	38.4	—	8.7	12.1
1978	6.1	14.2	48.1	19.8	—	13.5
1979	6.3	15.5	42.9	—	—	14.4
1980	6.5	16.8	45.3	—	8.9	—
1981	6.7	18.1	47.6	—	9.0	—
1982	6.9	19.4	50.0	—	9.2	—
1983	7.1	20.8	52.4	—	9.4	14.9
1984	7.3	22.1	54.7	13.8	9.6	15.8
1985	7.5	23.4	57.1	—	9.7	16.6
1986	7.7	24.7	59.4	—	9.9	17.5
1987	7.9	26.0	61.8	—	10.1	18.4
1988	8.1	27.4	64.2	20.8	—	19.2
1989	8.3	28.7	66.5	—	—	20.1
1990	8.5	30.0	68.9	—	10.3	—
1991	8.7	31.3	71.2	—	10.4	—
1992	8.9	32.7	73.6	—	10.6	—
1993	9.1	34.0	76.0	—	10.8	20.9
1994	9.3	35.3	78.3	13.8	11.0	21.8
1995	9.5	36.6	80.7	—	11.1	22.6
1996	9.7	37.9	83.0	—	10.3	20.9
1997	9.9	39.3	85.4	—	10.4	21.8
1998	10.1	40.6	87.8	20.8	—	22.6
1999	10.3	41.9	90.1	—	—	23.5
2000	10.5	43.2	92.5	—	11.3	—
2001	10.7	44.5	94.8	—	11.5	—
2002	10.9	45.9	97.2	—	11.7	—
2003	11.1	47.2	99.6	—	11.8	23.5
2004	11.3	48.5	101.9	13.8	12.0	24.4
2005	11.5	49.8	104.3	—	12.2	25.2
2006	11.7	51.2	106.6	—	10.6	24.4
2007	11.9	52.5	109.0	—	10.8	25.2
2008	12.1	53.8	111.4	20.8	—	26.1
2009	12.3	55.1	113.7	—	—	26.9
2010	12.5	56.4	116.1	—	12.4	—
2011	12.7	57.8	118.4	—	12.5	—
2012	12.9	59.1	120.8	—	12.7	—
2013	13.1	60.4	123.2	—	12.9	26.1

(Source: WTO Report on Gloomy Dosh Published in 2013)

CONTROLLING GLOOMY DOSH

Government has two types of controls one is qualitative where ideal structure and organisations take control on behalf of government and other quantifies control where different duties and taxes take care to reduce Gloomy Dosh. Although there are controls one cannot totally eliminate the amount of Gloomy Dosh as the targeted achievers also contribute elsewhere.



Following are general suggestions by various experts to control Gloomy Dosh in India

(Source Times of India & Hindu News Paper)

1. Rationalise Tax Rates
2. Reduce transaction cost of compliance and administration.
3. Reform in Banking and profit booking.
4. Cashless and transparent licensing
5. Avoidance of paper work and corporate governance as part of work.
6. Strategically reformation and restring of denominations of currency notes.
7. Taxing on Income from house property and investment in gold.
8. Tax on items of Injurious to health and Luxury items additionally and same time avoid taxing on requirements.
9. Effective installation and protection of daily wages workers also set of rules for perquisites and facilities.

CONCLUSION

Gloomy Dosh is not a one day miracle of relevance. It needs commitment and true corporate governance. In today's era of globalisation and de relation its important fact to neutralise as much as possible from Gloomy Dosh. In this paper various key concepts need to elaborate as the fact that rationalism extends towards more information. This paper is a review of how Gloomy Dosh happens to be integral part of economy and same time creates disturbance for and in economy. My paper Gloomy Dosh in India is non

political base and just an effort to understand the concept of Gloomy Dosh moreover.

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