



**A STUDY ON THE IMPACT OF TAXATION AND INVESTMENT REGIME
OF PRADHAN MANTRI GARIB KALYAN YOJANA(2016) IN BANGALORE
WITH SPECIAL REFERENCE TO K.NARAYANAPURA**

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ABSTRACT

The Lok Sabha has passed the Pradhan Mantri Garib Kalyan Yojna (Second Amendment) Bill, 2016 in the Lok Sabha. The Bill was introduced as some of the existing provisions of the Income Tax Act, 1961 can possibly be misused for concealing Black Money. The new bill attempts to impose a higher rate of Tax and penalty in respect of undisclosed incomes. The Prime Minister of India Shri Narendra Modi trying his level best to eliminate the Black Money from the country.

This research is basically an evaluation research where the researcher is evaluating the effectiveness of the program which is been implemented.

As a researcher, The Research has been conducted to study the impact and its effectiveness in the utilization of fund. The Researcher are mainly collecting the large number of data with the help of primary data from a sample size of 50 respondents with the help of structured questionnaire and the Researcher is going to analyze the data using Multiple Regression Analysis, Anova Test and secondary data which is analysed by descriptive analysis. By this study the Researcher will know the amount of impact that has taken place during the course of time. With the help of the fund received through this Scheme which is to be an impact in improving the social welfare of the Society which in terms helps in increasing the Economic growth rate and standard of living and also helps in eradicating the poverty. And it's a major tool to curb the Black Money and its holders.

Keywords: Black Money, social welfare, PMGKY, undisclosed income.

INTRODUCTION:

“TRUTH ON BLACK MONEY - Money is never black or white when we get the money for the work we do it is white, and it is black when you manipulate the matters to our advantage and get it , is Black and tainted, this is what the Society thinks as we all know the biggest challenge after success and great wealth is shutting up about it so the people export to other nations to live in peace in their nations, The Politicians try to important Black Money to make it white and keep the poor guessing and they complete the term”

-DR.T.V.RAO MD

Ever since, the Demonetization of higher valued Indian currency notes Rs.500 and Rs.1000 implemented from November 2016, people across the nation are facing a lot of trouble particularly who has the Black Money in hand. With all the doors been locked, people who are having Black Money in hand has no other way to deposit those to their respective bank accounts.

In order to conceal the Black Money, the Income – Tax Act, 1961 has been received by the NDA Government. Recently, the current Finance Minister Mr.Arun Jaitley has announced a new form bill for Income Tax which is amended with the existing bill.

According to the new Amendment Income Tax Bill which is proposed by the Finance Minister in Lok Sabha, people who are likely to deposit their black income need to pay 30% of Tax amount and also excess of 33% surcharge under the Pradhan Mantri Garib Kalyan Yojana (PMGKY) cess with the penalty amount of 10% .In addition to the burden, the Finance Minister also quoted that about 25% of the undisclosed income should be deposited under the PMGKY Scheme for 4 years without any interest rates ; the undisclosed income would be calculated based on the amount which was deposited after the implementation of the Rs.500 and Rs.1000 currency demonetization.

The Finance Minister clearly mentioned as the Black Money holders need to be charged at a higher rate of Tax on the amounts which are about to be converted white legally. Also, the Amendment Bill on the existing Income Tax Block with certain loopholes which are helpful for Black Money holders to get rid of the tightness created by the current ruling NDA Government on destroying Black Money from India. The loopholes which are blocked by the Amendment Bills along with the hike in Tax amount with penalties are about to be carried under the section of 115BBE, 271AAB and 271AAC.The new Income Tax Amendment Bill will be in Active till March 31st of 2017.

For the amounts which are not disclosed under this voluntary declaration Scheme, the Tax and the penalties would be higher levels (Tax amount – 60%, surcharge amount -25%; in total 75% of undisclosed money). Along with that 10% of penalty would be imposed, so net amount will be 85%.On the other hand, for undisclosed amount captured by the Income Tax Officials will be liable for levying 30% of Tax + 50% of amount as penalty will be applicable. However, the net amount can be increased upto 200% depending upon the various scenarios.

After paying certain Tax amount along with the penalties for the undisclosed amounts declaration, the money holders will have their rights on their holdings in future. The funds which are parked under the Scheme of PMGKY by the Black Money holders will be utilized for the improvement of Irrigation, Infrastructure, Education, Health care centers of the poor people across the country and to improve their standard of living.

OBJECTIVES:

PRIMARY OBJECTIVE:

- To analyze the impact of PRADHAN MANTRI GARIB KALYAN YOJANA in the Society.

SECONDARY OBJECTIVE:

- To know the awareness about the PRADHAN MANTRI GARIB KALYAN YOJANA among the people.
- To know whether the fund helps in improving the Social Welfare of the Society.

STATEMENT OF THE PROBLEM:

Evasion of Taxes deprives the Nation of critical resources which could enable Government to undertake Development and Anti-Poverty Programs. It also puts a disproportionate burden on the honest Tax payers who have to bear the brunt of higher Taxes to make up for the revenue leakage.

SCOPE OF THE STUDY:

The scope of the Scheme in the last year 2016 has made a revolution and the people with lot of unaccounted money have suffered from it. The decision is a step towards the development of the nation and equal distribution of income among every people of the nation

HYPOTHESIS:

H1	Ho1	There will be no impact of PMGKY on the Society.
	Ha1	There will be an impact of PMGKY on the Society
H2	Ho2	The people in the economy are not aware about the PMGKY Scheme
	Ha2	The people in the economy are aware about the PMGKY Scheme

RESEARCH METHODOLOGY:

The research conducted is an evolution type of research since the PMGKY Scheme is already implemented. Under this study, the researcher has used both the primary and secondary data. Primary data is collected through the structured data from the particular group of people that is from the employees, businessmen and professionals in Bangalore city from 50 respondents. Secondary data is also used for the purpose of this study from various sources like newspaper, journals, published articles, unpublished articles and various websites.

Under this study the researcher has used convenience sampling for collecting primary data. The researcher used multiple regression and Anova test for analyzing and interpreting the data.

LIMITATIONS:

- The study is limited to India only.
- The findings and suggestions are limited by the opinions and knowledge of the respondents.
- The respondents are limited to the city of Bangalore, Karnataka.

REVIEW OF LITERATURE:

Basavaraj Nagesh Kadamudimatha (December 2016). “Pradhan Mantri Garib Kalyan Yojana: Last chance to declare unaccounted income”. This paper will give a brief idea about the PMGKY Scheme, study about its benefits and suggest the steps to disclose income under this Scheme.

DATA ANALYSIS:

To investigate the impact of Pradhan Mantri Garib Kalyan Yojana Scheme 2016 on the Society. The dimension of PMGKY features are regressed with the level of impact on the Society. The impact on 9 features of the PMGKY Scheme was measured.

COMPONENT MATRIX FOR THE LEVEL OF IMPACT:

FACTORS	LEVEL OF IMPACT	COMPONENTS
ECONOMIC PROGRESS	Equality Between rich and poor	.510
	Increase Investment	.721
	Eradicate Poverty	.444
	Increase the Standard of Living	.259
	Rise in the GDP Rate	.443
CONTROL OF BLACKMONEY	Curbing the Black Money	.983
	Track on Unaccounted Activity	.421
	Fear in Black Money Holders	.399
	Reduction of Tax evaders	.886

Regression analysis is done by entering the dimensions of PMGKY Scheme such as Economic progress and control of Black Money in the analysis as the Independent Variable and the Level of Impact on the Society as Dependent Variable. The results are presented in the Table, The Regression Model is found to be significant (P<0.037). The R-Square value is 0.481 meaning is that the two Independent Variables Influence the satisfaction to an extent of 48.1%. All the Dependent Variable have a Significant influence on the Impact among the two Independent Variable has more Impact on the People (B=0.481, P<0.037).

REGRESSION ANALYSIS IMPACT LEVEL ON THE SOCIETY:

Dependent Variable	Impact Level on the Society
Predictors(Independent Variables)	Economic Progress and Control of Black Money
R Square Value	0.481
F Value Of The Model	2.097
Significance	0.037 ^b

H1	Ho1	There will be no impact of PMGKY on the Society.	Rejected
	Ha1	There will be an impact of PMGKY on the Society	Accepted

To investigate the relationship with the Demographic Variables and the Awareness about the PMGKY Scheme, Anova Test was done. This will analyze if they are Aware about the Scheme and will be influenced by their Demographic characters.

ANOVA

Education Qualification

	SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
Between Groups	.313	1	.313	.526	.472
Within Groups	28.567	48	.595		
Total	28.880	49			

ANOVA

Occupation

	SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
Between Groups	8.557	1	8.557	8.898	.004
Within Groups	46.163	48	.962		
Total	54.720	49			

The above relationships are used to test the Hypothesis H2. As the researcher can find the awareness by comparing between the education Qualification and the occupation. As a result there was no relationship between the education Qualification and Awareness among the people as the significance value is more (0.472 >0.05). There is a relationship between the occupation and Awareness among the people as the significance value is less (0.04 < 0.05). The Null Hypothesis that the demographic

factors of the people will not influence the Awareness among the people. Therefore they are partially accepted.

H2	Ho2	The people in the economy are not aware about the PMGKY Scheme	Accepted(Partial)
	Ha2	The people in the economy are aware about the PMGKY Scheme	Accepted(Partial)

The amount under the PMGKY Scheme collected so far is more than Rs 65 Thousand crore from 7.3Lakhs people out of 18lakh people who holds unaccounted money. Of that, 9.9% of PMGKY cess amount will be utilized for the Health care center, Education, Irrigation for poor and also for the rural infrastructural development. The deposits of 25% of undisclosed money which were made in the 7.3lakh Banks will be utilized to provide loans for the poor.

FINDINGS:

In the present study, the reduction of Tax evaders in the country is one of the main reasons for having an Impact on the Society. This may be an attribute to the need of PMGKY Scheme. It is in the progress of controlling the flow of Demonetized money in the economy. It has also helped to maintain balance between the rich and the poor and eradicate inequality. It has helped the people to have an Bank account as they have to Deposit a part of their unaccounted money as a result it helped the Government to be cautious about the flow of Black Money.

The Scheme also helped by further preventing the Tax evaders (Black Money holders) from the violating their responsibility in filing their Tax regularly through which it will also lead to the welfare of the Society at large in turn which helps in the development of the Nation. This also helps in the growth of GDP Rate of the Economy.

Through the implementation of this Scheme, The Government can utilize the PMGKY cess amount for the purpose of the welfare of the Society like providing Health care sector, Infrastructure and to Provide Education to the poor people and to increase their Standard Of Living. The fund which is parked in the Designated Reserve Fund by RBI. Presently, The Government has promised that Rs19,000crores has been proposed for the construction of 1crore houses for those people who live in Kaccha Houses.

However, the implementation of this Scheme may control or prevent Tax evaders and Black Money holders. But it is not possible to abolish Black Money completely. And to eradicate poverty which helps India to be a Developed Nation.

RECOMMENDATION:

The following recommendations are suggested based on the findings of the study.

- The Scheme would have been advertised in an effective manner. Where, it will reach to all the Black Money Holders in the country. So that they disclose their unaccounted income.
- The government would have made still Rigid Tax policy. So that they can have a control on the Black Money in the future.

SCOPE FOR FURTHER RESEARCH:

It would be very interesting to conduct another study within the same area of research, as the researcher has not focused on the Analysed the success of the Scheme which can be done after the PMGKY Scheme becomes inactive to disclose their unaccounted money.

CONCLUSION:

The impact of PMGKY Scheme has a great influence in the minds of the people. It is pretty clear that Mr. Narendra Modi has strong intention of blocking all Black Money which are blocking Nation's growth. The decision is to step towards the development of the nation and equal distribution of income among every people of this nation. The Pradhan Mantri Garib Kalyan Yojana workshop will revisit the government's pro-poor welfare programs and ideate ways to implement them efficiently. However, if those hands are tightened it's sure that India would be more powerful and strong country in the world in nearby future.

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