

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1550
ANSWERED ON:27.11.2009
BLACK MONEY
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Will the Minister of FINANCE be pleased to state:

- (a) the quantum of black money in the country, at present;
- (b) whether there is a continuous increase in the said money since long;
- (c) if so, the reasons therefore; and
- (d) the problems being faced by the Government in locating the black money?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S.PALANIMANICKAM)

(a) There is no official estimate of the amount of black money presently in the country. At the instance of the Government, the National Institute of Public Finance and Policy (NIPFP) had in 1985 conducted a study 'Aspects of black money in India' in which the amount of black money in the country in the year 1983-84 was estimated between Rs.31,584 crores and Rs.36,786 crore. The authors of the study had, however, admitted that their estimate was based on numerous assumptions and approximations, each of which could be challenged. Subsequently no fresh study has been conducted by the Government on the amount of black money.

(b)&(c) There is no authentic information available as regards increase in the amount of black money over the years.

(d) There are several underlying causes of black money generation, including various socio- economic factors, some of which are exogenous to the Direct tax laws. Most of the transactions generating black money are unrecorded, thereby making it difficult for the Government to locate the black money.

The Government takes several punitive and deterrent steps to unearth black money. These include scrutiny of returns, surveys, search and seizure action, imposition of penalty and launching of prosecution in appropriate cases. Among other efforts to unearth black money, Tax Information Network (TIN) has been set up as depository of important tax related information which can be accessed by the Department. The information collected from various sources is also collated electronically to create a 360 degrees profile of the high net-worth assesses so as to detect black money. Under the provisions of section 206A of the Income Tax Act, certain entities responsible for paying to resident any income by way of interest (other than interest on securities) without deduction of tax at source are required to furnish quarterly returns. Information as regards suspicious financial transactions and large cash transactions, as disseminated by the Financial Intelligence Unit, India (FIU-IND), is also investigated by the Income Tax Department. Appropriate action under the provisions of Direct Tax Laws is taken in cases where black money is detected.