

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:6856  
ANSWERED ON:07.05.2010  
BLACK MONEY  
Acharia Shri Basudeb

**Will the Minister of FINANCE be pleased to state:**

- (a) The major source of black money generation and Government's efforts to plug the same;
- (b) Whether the Government has made any study on the role of ill gotten money which contributes to rise in the prices; and
- (c) If so, the details thereof and if not, the reasons therefore?

**Answer**

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

(a): It is difficult for the Government to locate the sources of black money generation as most of the transactions generating black money are unrecorded. However, there are several underlying causes of black money generation, including various socio-economic factors, some of which are exogenous to the Direct Tax laws.

The Government takes several punitive and deterrent steps to detect 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 Income Tax Department is receiving information in respect of specified category of High Value Transactions through Annual Information Returns (AIRs) and Central information Branches (GIB). The Information collected from various sources are also collated electronically to create a 360 degree profile of the High Net Worth assesses. Under the provisions of section 20GA 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 transactions and large cash transactions, as disseminated by the Financial Intelligence Unit of India (FIU-IND), is also investigated by the income Tax Department. Appropriate action under the provisions of Direct Tax Laws is taken to bring to tax the amount of undisclosed income detected by the Department.

(b) & (c): At the instance of the Government, the National Institute of Public Finance and Policy (MIPFP) 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. However, the authors of the study had admitted that their estimate was based on numerous assumptions and approximations, each of which could be challenged. Thereafter, the Government has not made any study on black money.