

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4484  
ANSWERED ON:19.12.2014  
DONATION IN EDUCATIONAL INSTITUTIONS  
Devi Smt. Rama;Laguri Smt. Sakuntala

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

- (a) whether donation rackets are running in the country for admissions in medical and engineering colleges where crores of rupees are transacted but the Government fails to impose tax on it;
- (b) if so, the details thereof and the reaction of the Government in this regard;
- (c) whether the Government has plans to make provisions to impose tax on donations; and
- (d) if so, the details thereof and if not, the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRI JAYANT SINHA)

- (a) Whenever any information on evasion of direct taxes including in cases of admissions in medical and engineering colleges is noticed, the Income-tax Department takes appropriate action including searches, surveys to bring to tax the undisclosed income. In appropriate cases, penalties are imposed and prosecutions are also launched as per law.
- (b) Details of action taken are not maintained separately for alleged donations received by the medical and engineering colleges.
- (c) and (d) The Income-tax Act, 1961 contains provisions for taxation of donations. The provisions of section 115BBC of the Act provide for taxation of anonymous donations received by charitable organizations (including university or medical and engineering colleges) and no exemption is available in respect of such donations even if income of the charitable organisation is otherwise exempt.