

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:7208

ANSWERED ON:13.05.2005

BLACK MONEY

Renge Patil Shri Tukaram Ganpatrao;Yadav Shri M. Anjan Kumar

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

- (a) whether Hawala transaction is one of the main causes of the generation of black money;
- (b) if so, the steps the Government propose to take to check the Hawala Trade; and
- (c) the extent to which the proposals to curb the role of black money have been translated into action?

**Answer**

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

(a) Hawala transactions are one of the modes of tax evasion and such transactions facilitate generation and circulation of black money.

(b)&(c) The Income Tax Department undertakes searches & seizures, surveys, enquiries and scrutiny of Income tax returns in order to unearth black money and check tax evasion, including evasion through Hawala transactions. Further, Section 277A has been inserted by Finance (No.2) Act, 2004 which provides for prosecution for falsification of books of account or document. The Finance Bill, 2005 proposes to levy a banking transaction tax @ 0.1% on certain cash transactions w.e.f. 1st June, 2005.