

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1552

ANSWERED ON:01.12.2006

BLACK MONEY

Rana Shri Kashi Ram;Yadav Shri M. Anjan Kumar

Will the Minister of FINANCE be pleased to state:

- (a) the quantum of black money in the country;
- (b) whether the amount is continuously increasing;
- (c) if so5 the obstacles coming before the Government in unearthing of black money; and
- (d) the concrete action taken by the Government to check/stop the rapidly increasing black money in the country?

Answer

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

(a) & (b): There is no exact estimate of the amount of black money presently in circulation in the country. However, at the instance of the Government, the National Institute of Public Finance and Policy (NIPFP) had attempted an estimate of black money in circulation in the country. According to the report of the NIPFP, the total amount of black money in the country during financial year 1983-84 was estimated between Rs.31,584 crores and Rs.36,786 crores.

(c) & (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 for combating tax evasion. However, the Income Tax Department takes several punitive and deterrent steps to control black money. These include scrutiny of returns, surveys, search and seizure action, imposition of penalty and launching of prosecution in appropriate cases. Further, by the Finance Act, 2005, the Government have introduced two additional anti-tax evasion measures, namely, levy of Banking Cash Transaction Tax to establish the trail of large cash withdrawals through banking channels; and, furnishing of quarterly returns of certain deposits as prescribed under section 206A of the Income-tax Act.