

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:872

ANSWERED ON:25.02.2011

BLACK MONEY OF INDIANS IN FOREIGN BANKS

Azad Shri Kirti (Jha);Bais Shri Ramesh;Chaudhary Shri Arvind Kumar;Chauhan Shri Sanjay Singh;Das Shri Ram Sundar;Hussain Shri Syed Shahnawaz;Joshi Shri Pralhad Venkatesh;Panda Shri Prabodh;Pandurang Shri Munde Gopinathrao;Patil Shri A.T. Nana;Patil Shri Sanjay Dina ;Rajesh Shri M. B.;Ramkishun Shri ;Rathod Shri Ramesh;Ray Shri Rudramadhab ;Sanjoy Shri Takam;Shankar Alias Kushal Tiwari Shri Bhisma;Sharma Shri Jagdish;Singh Dr. Raghuvansh Prasad;Singh Shri Rajiv Ranjan (Lalan);Singh Shri Rakesh

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

- (a) the estimated amount of black money and percentage of such amount to the Gross Domestic Product of the country stashed in foreign banks by Indians, bank-wise and country-wise;
- (b) whether the Government of India is in possession of details of such persons/ legal entities and proposes to make the names of all such persons public;
- (c) if so, the details thereof and if not, the reasons therefor; and
- (d) the steps taken to bring such money to the country back?

**Answer**

Minister of State in the Ministry of Finance (Shri S.S.PAIANIMANICKAM)

(a) There is no reliable information about the money of Indians in undisclosed bank accounts outside the jurisdiction of the country. The Government has decided to get a fresh study conducted on unaccounted income/ wealth both inside and outside the country bringing out the nature of activities engendering money laundering and its ramifications on national security.

(b) & (c) Yes Sir, the German Tax Authorities have provided to the Indian Government information available with them regarding bank accounts concerning Indian nationals with the LGT bank of Liechtenstein. Based on the information received, income amounting to Rs.39.66 crore was assessed/re-assessed in the hands of 18 individuals being beneficiaries and tax demand of Rs.24.66 crore raised. Notices for imposition of penalty and prosecution under various provisions of the income Tax Act, 1961 have been issued.

The information has been provided by the German authorities under the Article concerning exchange of information of the Double Taxation Avoidance Agreement (DTAA) between India and Germany read with the Protocol thereto which provides that any information received by a State shall be treated as secret and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by the DTAA.

(d) India has initiated the process of putting in place a legislative framework by amending its existing Double Taxation Avoidance Agreements (DTAAs) to widen the scope of Article concerning Exchange of Information. The amendment to tax treaty with Switzerland has also been signed. It will enter into force when Switzerland completes its internal process. Upon entry into force, it will allow India to obtain banking information from Switzerland in specific cases for a period starting from 1st April 2011 or thereafter. India has also completed negotiations of Eleven new Tax Information Exchange Agreements. Government has also proposed certain new provisions in the proposed Direct Taxes Code Bill for unearthing black money.

The Income Tax Investigation Directorates pursue information regarding any deposit outside the country on top priority. The Department is having two specialized wings under the administrative control of the Director General of Income Tax (International Taxation). The International Tax Division investigates and assesses the cases of foreign companies, Non-residents and other such entities. The Transfer Pricing Division examines the international transactions between associated enterprises to determine the arm's length price in accordance with the provisions of Chapter X of the Income Tax Act, 1961. Appropriate action under the provisions of Income Tax Act is taken in cases where tax evasion is detected.