

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4760  
ANSWERED ON:04.05.2012  
PREMIUM IN CURRENCY EXCHANGE  
Wankhede Shri Subhash Bapurao

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

- (a) whether the rate of premium charged on the exchange of currency is fluctuating;
- (b) if so, the details thereof for the last three years and current year; and
- (c) the steps taken / proposed to be taken to monitor the transaction of foreign currency on which service tax is payable in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) It is presumed that the term `premium charged` refers to the forward premium. The rate of forward premia does fluctuate over time as it is largely market determined and depends on the prevailing demand and supply conditions in addition to the interest rates in the respective countries.

The details of the US Dollar-Indian Rupee (USD-INR) forward premia (month end figures) the last three years and current year for are as below given annexure.

(c) The transactions of foreign currency is leviable to service tax under the taxable category `Banking and Other Finance service vide Section 65 (105) (zm) and Section 65 (105) (zzk) of the Finance Act 1994 Act read with Section 6i=> (12b) of the Act.

The Government resorts to following steps to identify new and potential service tax payers -procure list of service providers from the various service provider`s associations, from yellow pages, local publications, advertisements appearing in the newspapers, regional registration authorities, websites, regulatory bodies, State Government departments, Income Tax departments, Reserve Bank of India, etc., and identify unregistered service providers and get them registered. Also surveys in the local markets, mails are carried out if deemed necessary.