

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4707

ANSWERED ON:04.05.2012

FLOWING OF TERROR FUNDS BLACK MONEY IN REAL ESTATE AND OTHER SECTORS.

Mohan Shri P. C.;Muttamwar Shri Vilas Baburao

Will the Minister of FINANCE be pleased to state:

- (a) whether as per the assessment of revenue intelligence agencies, terror funds and unaccounted/black money are flowing into the real estate, mining and manufacturing sector;
- (b) if, so, the details thereof;
- (c) the details of real estate builders and mining/manufacturing companies found involved in investment of money flowing from terrorist organizations in their companies;
- (d) the action taken against the erring builders and companies having nexus with terrorist organizations, company-wise;
- (e) whether the Government proposes to bring out a legislation with relevant provisions to regulate real estate sector included therein; and
- (f) if so, the details thereof?

Answer

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

(a) & (b): As per the assessment of revenue intelligence agencies such as Directorate of Revenue Intelligence, Directorate General of Central Excise Intelligence and the Directorate of Enforcement, as of now, have not come across any instance of flow of terror funds into the real estate, mining/ manufacturing sector.

Investigations by the Income Tax Department reveal unaccounted or undisclosed income or assets in various sectors of the economy, including real estate, mining and manufacturing sectors.

(c) & (d): In view of reply to sub-part of part (a), questions do not arise.

(e) & (f): 'Land' and 'Colonisation' are State subjects and therefore Government of India does not have a mandate to regulate all aspects of development of Real Estate. The Ministry of Housing & Urban Poverty Alleviation has proposed a legislation i.e. Real Estate (Regulation and Development) Bill, 2012 which concentrates on the real estate transaction to bring in transparency and fair play to protect the consumer interests.

Further, in order to check the possibility of money laundering in the real estate sector, it has been proposed to include real estate agents and Sub-registrars of property as reporting entities under the Prevention of Money Laundering Act, 2002 vide Prevention of Money Laundering (Amendment) Bill, 2011 which has been introduced in the Lok Sabha. By virtue of the proposed amendment, real estate agents and registrars of property when notified as a reporting entity will be under obligation to report all cash transactions in excess of Rs. 10 lacs and suspicious transactions to the Director, Financial Intelligence Unit-India, New Delhi.