

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2889

ANSWERED ON:29.08.2012

VIOLATION OF GUIDELINES

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Will the Minister of FINANCE be pleased to state:

- (a) the year-wise number of cases of violation of guidelines regarding External Commercial Borrowing (ECB) and Foreign Currency Convertible Bonds (FCCB) detected and prosecution status during the last three years and the current year, as on date;
- (b) whether involvement of telecom companies in such cases has also come to light and if so, the details thereof for the previous year and the current year;
- (c) the company-wise details of the action taken by the Government in this regard; and
- (d) the further action being taken to make the existing anti-money laundering, foreign exchange and taxation laws more stringent with a view to preventing recurrence of such violations?

Answer

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

(a) The year-wise number of cases of violation of guidelines regarding External Commercial Borrowing (ECB) and Foreign Currency Convertible Bonds (FCCB) as detected by the Directorate of Enforcement during the last three years and current year as on date are as follows:-

Financial Year	No. of Cases
2009-10	2
2010-11	1
2011-12	0
2012-13	0

(up to 31.07.2012)

Foreign Exchange Management Act, 1999 (FEMA) does not provide for prosecution and only envisages imposing of monetary penalty through the process of adjudication.

In addition number of cases detected by Reserve Bank of India are as follows:-

Financial Year	No. of Cases
2009-10	58
2010-11	70
2011-12	44
2012-13	

(up to August 27, 2012) 24

(a) to (c) No case of Telecom Enterprise contravening ECB/FCCB guidelines during the period has come to notice of Directorate of Enforcement.

However, RBI has reported that during the period, six cases belonging to Reliance Communications Ltd. and Reliance Infratel Ltd. came to their notice which were compounded by RBI.

(d) The existing provisions under Foreign Exchange Management Act, 1999 (FEMA) are adequate to deal with foreign exchange related contraventions. Prevention of Money Laundering Act (Amendment) Bill, 2011 has been tabled in the Parliament in December 2011 proposing certain amendments to PMLA 2002 for increasing its effectiveness.