

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1630
ANSWERED ON:22.08.2012
BLACK MONEY
Ramkishun Shri

Will the Minister of FINANCE be pleased to state:

- (a) whether the Supreme Court has strongly censured Government over the inordinate delay in retrieving India's black money hidden away in foreign banks abroad;
- (b) if so, the reaction of the Government thereto; and
- (c) the action taken by the Government in this regard?

Answer

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

(a) & (b): No, Madam. However, the Hon'ble Supreme Court has delivered an order on 4th July, 2011, in the writ petition (civil) No. 176 of 2009 filed by the petitioners Ram Jethmalani & Others against Union of India and others with regard to India's black money hidden away in foreign banks abroad.

The Government has filed an application in the Hon'ble Supreme Court for modification of the said order dated 4th July, 2011 and for setting aside the directions given in paragraph 49 and 50 regarding the setting up of Special Investigation Team and the consequential orders in relation to this. The Hon'ble Supreme Court has pronounced the order regarding the maintainability of the said application filed by Union of India on 23rd September, 2011. Since the Hon'ble judges differed in their views on it, the matter has been placed before the Hon'ble Chief Justice of India, for reference to a third judge.

(c): To get back the black money to the country, a five pronged strategy has been formulated by the Government which is summarized as under:

- (i) Joining the global crusade against 'black money' (for example our action in G 20, Global Forum on Transparency and Exchange of Information for Tax Purposes, Task Force on Financial Integrity and Economic Development, Financial Action Task Force, UN, OECD, etc.)
- (ii) Creating an appropriate legislative framework: (Various anti tax evasion measures legislated in existing Act and proposed in the DTC, New DTAA's and TIEAs, amend existing DTAA's).
- (iii) Setting up institutions for dealing with illicit Funds; (10 Income Tax Overseas Units, dedicated computerized Exchange of Information [EOI Unit], FIU)
- (iv) Developing systems for implementation (new manpower policy); and
- (v) Imparting skills to the manpower for effective action (constant training for skill development).

The above steps have started showing results. Government has received information from various countries regarding assets, including bank accounts, held abroad by Indians. The information received is confidential under the confidentiality provision of the Double Taxation Avoidance Agreement/Tax Information Exchange Agreement, under which the information is received.

Whenever such information is received, necessary action under the Direct Tax Laws is taken to examine the assets/transactions. Any undisclosed income/assets detected during these enquiries are brought to tax in accordance with the provisions of Direct Tax Laws. Penalty and prosecution proceedings are also initiated in appropriate cases