

28

COMMITTEE ON  
GOVERNMENT ASSURANCES  
(2012-2013)

(FIFTEENTH LOK SABHA)  
TWENTY EIGHTH REPORT

REVIEW OF PENDING ASSURANCES PERTAINING TO  
THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE)

Presented to Lok Sabha on 13 August, 2013



LOK SABHA SECRETARIAT  
NEW DELHI

...August 2013/Shravana..., 1935 (Saka)

TWENTY EIGHTH REPORT

COMMITTEE ON GOVERNMENT  
ASSURANCES

(2012-2013)

(FIFTEENTH LOK SABHA)

REVIEW OF PENDING ASSURANCES PERTAINING TO THE  
MINISTRY OF FINANCE (DEPARTMENT OF REVENUE)

*Presented to Lok Sabha on 13 August, 2013*



LOK SABHA SECRETARIAT  
NEW DELHI

*August, 2013/Sravana, 1935 (Saka)*

**CGA No. 239**

*Price: Rs. 75.00*

© 2013 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fourteenth Edition) and printed by the General Manager, Government of India Press, Minto Road, New Delhi-110 002.

## CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE (2012-2013) .....	(iii)
INTRODUCTION .....	(v)
REPORT	
Review of Pending Assurances pertaining to the Ministry of Finance (Department of Revenue) .....	1
APPENDICES	
I—XXVII — Questions and the Answers .....	14
XXVIII — Extracts from Manual of Practice & Procedure in the Government of India, Ministry of Parliamentary Affairs, New Delhi .....	50
ANNEXURES	
I. Minutes of the Sitting of the Committee held on 16 November, 2012. ....	54
II. Minutes of the Sitting of the Committee held on 12 December, 2012. ....	59
III. Minutes of the Sitting of the Committee held on 08 May, 2013. ....	64

COMPOSITION OF THE COMMITTEE ON GOVERNMENT ASSURANCES\*

(2012 - 2013)

Shrimati Maneka Sanjay Gandhi — *Chairperson*

MEMBERS

2. Shri Anandrao Adsul
3. Shri Rajendra Agrawal
4. Shri Hansraj G. Ahir
5. Dr. Rattan Singh Ajnala
6. Shri Kantilal Bhuria
7. Shri Jayant Chaudhary
8. Shri Gurudas Das Gupta
9. Shri Bijoy Handique
10. Shri Badri Ram Jakhar
11. Sardar Sukhdev Singh Libra
12. Shri Anjan Kumar M. Yadav
13. Shri Nama Nageswara Rao
14. Rajkumari Ratna Singh
15. Dr. M. Thambidurai\*\*

SECRETARIAT

- |                         |   |                             |
|-------------------------|---|-----------------------------|
| 1. Shri P. Sreedharan   | — | <i>Additional Secretary</i> |
| 2. Shri U.B.S. Negi     | — | <i>Director</i>             |
| 3. Shri T.S. Rangarajan | — | <i>Additional Director</i>  |
| 4. Shri Kulvinder Singh | — | <i>Committee Officer</i>    |

---

\*The Committee was constituted *w.e.f.* 23 September, 2012 *vide* Para No. 4552 of Lok Sabha Bulletin Part-II dated 18 October, 2012.

\*\*Nominated to the Committee *vide* Para No. 4625 of Lok Sabha Bulletin Part-II dated 16 November, 2012.

## INTRODUCTION

I, the Chairperson of the Committee on Government Assurances, having been authorized by the Committee to submit the Report on their behalf, present this Twenty Eighth Report of the Committee on Government Assurances.

2. The Committee (2012-2013) at their sittings held on 16 November, 2012 and 12 December, 2012 took oral evidence of the representatives of the Ministry of Finance (Department of Revenue) regarding pending assurances upto the 9th session of 15th Lok Sabha pertaining to the Department of Revenue.

3. At their sitting held on 08 May, 2013 the Committee (2012-2013) considered and adopted their Twenty Eighth Report.

4. The Minutes of the aforesaid sittings of the Committee form part of this report.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the Report.

NEW DELHI;  
*August, 2013*  

---

*Sravana, 1935 (Saka)*

MANEKA SANJAY GANDHI  
*Chairperson,*  
*Committee on Government Assurances.*

## REPORT

### I. Introductory

The Committee on Government Assurances scrutinise the assurances, promises, undertakings, etc. given by the Ministers from time to time on the floor of the House and report the extent to which such assurances, promises, undertakings, etc. have been implemented. Once an assurance has been given on the floor of the House, the same is required to be implemented within three months. The Ministries/Departments of the Government of India are under obligation to seek extension of time, if they are unable to fulfil the assurance within the prescribed period of three months. Where a Ministry/Department is unable to implement an assurance, they are required to request the Committee to drop the same. The Committee consider such requests and agree to drop, if they are convinced with the grounds cited to be justified. The Committee also examine whether the implementation of assurances has taken place within the minimum time necessary for the purpose and the extent to which the assurances have been implemented.

2. The Committee on Government Assurances (2009-10) took a policy decision to call the representatives of the various Ministries/Departments of the Government of India, in a phased manner, to review the pending assurances and also to look at the reasons for pendency, the operation of the prescribed system in the Ministries/Departments for dealing with assurances. The Committee also decided to look at the quality of assurances implemented by the Government.

3. In pursuance of the decision referred to above, the Committee (2012-2013) called the representatives of the Ministry of Finance, Department of Revenue and examined the 27 pending assurances as mentioned below on 16 November, 2012 and 12 December, 2012:

Sl. No.	SQ/USQ No. Dated	Subject
1	2	3
1.	General Discussion on Finance Bill by Shri Satpal Maharaj, M.P. Dt. 27.07.2009 (Partly Implemented on 24.11.2010)	General Discussion on Finance Bill
2.	USQ No. 4818 07.08.2009	Investigation on Oil for Food Programme
3.	USQ No. 2186 06.08.2010	Import Duty on Natural Rubber
4.	USQ No. 3381 13.08.2010	Sale of Goods in Duty Free Shops

1	2	3
5.	USQ No. 5084 27.08.2010	Investigation of Circular Trade
6.	USQ No. 3935 03.12.2010	Tax Raids
7.	USQ No. 785 25.02.2011	Money Trail of Spectrum Allocation Scam
8.	USQ No. 1395 04.03.2011	FEMA Violation
9.	USQ No. 1461 04.03.2011	Raids on CWG and IPL Officials
10.	USQ No. 1482 04.03.2011 (Partly Implemented on 22.3.2012)	Amnesty Scheme for Black Money
11.	General Discussion on Motion by Smt. Sushma Swaraj, M.P. Dt. 04.08.2011	Price Rise
12.	SQ No. 85 05.08.2011 (Partly Implemented on 22.03.2012)	Black Money
13.	USQ No. 935 05.08.2011	IT Overseas Units
14.	USQ No. 1006 05.08.2011	DTAA with Mauritius
15.	USQ No. 2252 12.08.2011	Action on 2G Spectrum Scam
16.	USQ No. 3145 19.08.2011	Hawala and Angadia Cash Transaction
17.	Discussion on the Customs (Amendment and Validation) Bill by Shri Vijay Bahadur Singh, M.P. Dt. 25.08.2011	Customs (Amendment and Validation) Bill
18.	Discussion on the Customs (Amendment and Validation) Bill by Shri Uday Singh, M.P. Dt. 25.08.2011	Customs (Amendment and Validation) Bill
19.	Discussion on the Customs (Amendment and Validation) Bill by Shri P.R. Natarajan, M.P. Dt. 25.08.2011	Customs (Amendment and Validation) Bill



1	2	3
20.	USQ No. 3981 26.08.2011	Excise Duty Evasion
21.	USQ No. 4851 02.09.2011	FEMA Violation in Commonwealth Games
22.	SQ No. 66 25.11.2011	Black Money
23.	USQ No. 763 25.11.2011	White Paper on Black Money
24.	USQ No. 1925 02.12.2011	Sale of Indian Goods through Duty Free Shops
25.	USQ No. 2033 02.12.2011	IT Raids
26.	Adjournment Motion raised by Shri Lal Krishna Advani, MP Dt. 14.12.2011	Money Deposited Illegally in Foreign Bank and Action Taken
27.	SQ No. 323 16.12.2011	Black Money

4. The above-mentioned questions and the answers given thereto, wherein the assurances were pending implementation, are shown in Appendix I—XXVII. The Committee reviewed the above 27 assurances pending from 2nd to 9th Session of 15th Lok Sabha pertaining to Ministry of Finance (Department of Revenue). At the outset the Committee took up assurance at Sl. No 1 *i.e.* assurance given in reply to General Discussion dated 27 July, 2009 on 'Finance Bill' by Shri Satpal Maharaj, MP. The Committee noted that this assurance has five parts; however implementation report of second part only has been laid on the Table of the House so far. The Committee, therefore, desired to know the reasons for it. In reply, the representative of the Ministry stated as follows:—

"All of them have been compiled now."

5. The Committee then desired to know the reasons for non-laying of the Implementation Reports of the assurances if they have been complied with. In reply the representative of the Ministry stated as follows:—

"In fact some of the replies were sent and I think, here the issue has been, on our part, that we have not put together the parts. In the sense that CBDT was dealing with some, CBEC with others which should have all been pooled together and sent as one."

6. The Committee pointed out that all the Implementation Reports should have been sent and enquired whether they have now been sent to the Ministry of Parliamentary Affairs for being laid on the Table of the House. In reply, the representative of the Ministry stated as follows:—

"Now they have gone. As of today, all have gone."

7. The Implementation Report of the assurance given in reply to General Discussion dated 27 July, 2009 on the Finance Bill by Shri Satpal Maharaj was finally laid on the Table of the House on 12 December, 2012 by the Ministry of Parliamentary Affairs.

8. The Committee then took up assurance at Sl. No. 2 *i.e.* assurance given in reply to USQ No. 4818 dated 07 August, 2009 regarding Investigation on Oil for Food Programme which has been discussed in Part-II of this Report and thereafter the assurance at Sl. No. 3 given in reply to USQ No. 2186 dated 06 August, 2010 regarding Import Duty on National Rubber was taken up and on being asked about the implementation of this assurance, the representative of the Ministry stated as follows:—

"No. 3 has been fulfilled although the Report has not been given. It has been fulfilled."

9. The Committee then pointed out that an assurance is treated as implemented when its Implementation Report is laid on the Table of the House and desired to know the specific reasons for delay in the submission of the Implementation Report. In reply, the representative of the Ministry stated as follows:—

"The Implementation Report has been sent on 14 January, 2011. We will follow it up."

10. The Implementation Report of above assurance at Sl. No. 3 given in reply to USQ No. 2186 dated 08 August, 2010 was sent to the Ministry of Parliamentary Affairs on 14 January, 2011 *i.e.* about two years ago and the Implementation Report could finally be laid on the Table of the House on 12 December, 2012 along with Implementation Reports of seven other assurances which are at Sl. Nos. 1, 5, 6, 11, 20, 23 & 27 above. The Committee pointed out the inordinate delay in the submission/laying of the Implementation Reports. The Committee, therefore, desired to know, whether any system exists in the Ministry to review/look into the pending assurances as contained in the Manual of Practice and Procedure, in Government of India, Ministry of Parliamentary Affairs (Annexure). The Committee also pointed out that assurances are given in Parliament and, non-implementation of the assurances or delay in implementation of the assurances, amounts to contempt of Parliament and desired to know whether any officer in-charge of the assurances as envisaged under the Manual of Ministry of Parliamentary Affairs referred to above has been designated in the Department of Revenue for the purpose. In reply, the representative of the Department stated as follows:—

"Our Deputy Secretary."

11. The Committee pointed out that the officer in-charge has not done his job to see that the Implementation Reports of the pending assurances are laid on the Table of the House expeditiously.

#### **Observations/Recommendations**

12. The Committee note that as many as 27 assurances pertaining to the Ministry of Finance (Department of Revenue) were pending implementation from 2nd to 9th Session of the 15th Lok Sabha. As regards the assurance given in reply to General Discussion dated 27 July, 2009 on the Finance Bill, the Committee regret to note that it had five parts to be implemented, however, the Ministry of Finance (Department of Revenue) submitted Implementation Report of second part of the assurance only and the other four parts of the assurance were left out as the Department of Revenue could not compile information pertaining to them, which is unfortunate. Further, the Implementation Report of the assurance given in reply to the USQ 2186 dated 6 August 2010 regarding Import Duty on Natural Rubber was sent to the Ministry of Parliamentary Affairs on 14 January 2011, but, was finally laid on the Table of the House only on 12 December 2012, *i.e.* after a lapse of about two years that too at the intervention of this Committee. The Committee are of the firm view that inordinate delay in the implementation of assurances results in loss of sanctity of an assurance, as has happened in the instant case. The Committee are further surprised to note that inordinate delay in implementation of pending assurances is taking place when the Ministry of Finance (Department of Revenue) has designated an-officer to review/expedite implementation of the pending assurances. This clearly shows that the mechanism/system in place and being followed by the Ministry to review the pending assurances, has failed in the expeditious implementation of the pending assurances. The Committee, therefore, desire that the Ministry of Finance (Department of Revenue) should revamp its system to look after the pending assurances immediately and apprise the Committee accordingly so as to facilitate early implementation of all assurances in future. At the same time, the Committee desire to know the specific reasons from the Ministry of Parliamentary Affairs for the delay of about two years in laying of the Implementation Report of the assurance given in reply to USQ 2186 dated 06 August 2010, and would urge the Ministry of Parliamentary Affairs to initiate steps immediately to stop recurrence of such unfortunate delays.

#### **II. Scrutiny of Pending Assurances pertaining to the Ministry of Finance (Department of Revenue)**

13. As stated above that during the oral evidence, the Committee examined all the 27 assurances, however, some of the important Assurances critically scrutinized by the Committee are given in succeeding paragraphs. These are as follows:—

##### **(A) Investigation on Oil for food programme**

- (i) USQ 4818 dated 07 August, 2009 regarding Investigation on Oil for food programme.

**(B) Sale of goods in duty free shops**

- (i) USQ 3381 dated 13 August, 2010 regarding sale of goods in duty free shops

**(C) Amnesty Schemes for Black Money**

- (i) USQ 1482 dated 04 March, 2011 regarding Amnesty Scheme for Black Money.
- (ii) S.Q 85 dated 05 August, 2011 regarding Black Money.

**(D) IT Overseas Units**

- (i) U.S.Q 935 dated 05 August, 2011 regarding IT overseas units.

**(E) DTTA with Mauritius**

- (i) USQ 1006 dated 05 August, 2011 regarding DTTA with Mauritius.

**(A) Investigation on Oil for food Programme**

- (i) USQ 4818 dated 07 August, 2009 regarding Investigation on Oil for food programme.

The above-mentioned question and the reply given thereto are reproduced in Appendix II.

14. The Committee noted that the assurance given in reply to USQ 4818 dated 7 August 2009 is pending for the last three years. The Committee also noted that the subject-matter, of the assurance pertains to alleged involvement of certain individuals/entities in the Iraq oil-for-food programme and no substantial progress has been made so far for the implementation of the assurance. In this regard, the Ministry of Finance (Department of Revenue) in a written note informed that examination of reply received from Lebanon in response to letter of request, did not reveal any fresh material and replies from the other countries are awaited.

15. On being asked about the delay in the implementation of the assurance and referring/eliciting information from Lebanon and other countries when the assurance relates to oil and Iraq only, the representative of the Ministry stated as follows:—

"This is with the Enforcement Directorate and I would request the Enforcement Directorate to give the details."

16. The representative further submitted:—

"The reasons why we have asked all these countries is because at some point all of them are involved in the allegations. There is some payment which has gone through Jordan; there is some payment which has gone through Lebanon. Therefore, we wanted information from all of these countries. We have been pursuing fairly regularly with the countries concerned, with our embassies and in fact, as recently as October we have sent the last reminder but we have not been getting response."

17. The Committee were not convinced with the above explanation and were of the view that Indian Embassies in the above countries can be entrusted with the job of collecting the information sought in the assurance within a specified time-frame. The Committee desired that the Ministry of Finance (Department of Revenue) to furnish the replies within a week's time.

#### **Observations/Recommendations**

18. The Committee note that the assurance given in reply to USQ 4818 dated 7 August, 2009 regarding Investigation on Oil for Food Programme is pending over the last three years. The information related to the Oil for Food Programme from two countries *i.e.* Iraq and Jordan is still awaited and the information furnished by the Lebanon in response to letter of request, did not reveal any fresh material implying thereby no headway in the implementation of the assurance. This only goes to show the lack of will and concerted efforts by various divisions of the Ministry of Finance, Department of Revenue, responsible for implementation of the assurance. The Committee also regret to note that no information has been received from the Ministry even after specific directions given to them by the Committee during the oral evidence to furnish their replies in the matter within a week's time. This casual attitude of the Ministry is deplorable. The Committee, therefore, strongly recommend that the Ministry should look into the issue thoroughly and expedite the implementation of the assurance without any further delay.

#### **(B) Sale of goods in duty free shops**

- (i) USQ 3381 dated 13 August, 2009 regarding sale of goods in duty free shops.

The above-mentioned question has been reproduced in Annexure IV.

19. The Committee noted that the assurance given in reply to USQ 3381 dated 13 August, 2010 regarding sale of goods to duty free shops is pending since the year 2010. The assurance given in the reply was that the representations received from trade bodies to expand the list of indigenously manufactured items allowed to be sold through duty free shops located in arrival and departure side the Customs airports, are being examined by the Ministry in consultation with stakeholders.

20. On being asked, whether the matter has been examined by the Ministry in consultation with stakeholders as assured in the reply, the representative of the Ministry informed as follows:—

"Representations were received from the industry seeking parity of Indian Products with the foreign made products for the sale at the duty free shops. The request was for both the arrival and departure side. It took us a while and we are sorry for that, three wings of the Department are involved, the custom, the Central Excise and also the Tax Research Unit."

21. When the Committee pointed out that all the three Departments are the Departments of the Ministry of Finance itself, the representative of the Ministry responded as follows:—

"Yes, I acknowledge that there has been a delay. As far as the approval of the Finance Ministries, it was taken last year, the in-principle approval, for establishing duty free shops on the departure side. So that has been taken. On the arrival side, we are facing a number of legal issues. First and foremost the duty free allowance in the baggage is Rs. 35000 for Indian passengers. Whether that can be extended to indigenously manufactured products because this allowance is notified under the Customs Act read with Customs Tariff Act, 1975 both of which will apply only to imported goods....."

22. The Committee were not convinced with the above explanation and cited the example of some foreign airports in which the items pertaining to their country only were available in the duty free shops. The Committee also pointed that despite in-principle approval for establishing duty free shops on the departure side, the necessary notification has not been issued. In his reply, the representative of the Ministry stated as follows:—

"We have not done that because we are still identifying the goods whether it would be all or whether it would be some.....in any case we will be sorting out very shortly."

23. The Committee were still not convinced and enquired about the extension of time sought by the Ministry to implement the assurance. In reply, the representative of the Ministry stated as follows:—

"We have sought an extension till February, 2013. That is three months."

24. While agreeing with the extension of time sought by the Ministry, the Committee expected the Ministry to take a final decision in the matter by that time *i.e.* by February, 2013.

25. In this connection, the Ministry in a written note informed that the issue involved in the matter is allowing indigenous goods to be sold through duty free shops located at International Airports. The matter involves making suitable changes in the taxation, procedural and regulatory aspects of Customs as well as Central Excise statutes. Further, approval of Finance Minister has been obtained to issue necessary notifications under Rules 3, 9 and 20(1) of the Central Excise Rules 2002. The issue of capping the purchases of domestic goods by an individual on the arrival side taking into account the provisions of the Baggage Rules and providing a negative list is under consideration.

#### **Observations/Recommendations**

**26. The Committee note that an important assurance given in reply to USQ 3381 dated 13 August, 2010 regarding sale of goods in duty free shops is pending for the last three years. In their reply the Ministry had assured that**

**the representations received from trade bodies to expand the list of indigenously manufactured items allowed to be sold through duty free shops located in the arrival and departure sides in Customs airports are being examined by them. During oral evidence, the representative of the Ministry informed that the three wings of the Department i.e. (i) the Customs (ii) the Central excise and (iii) the Tax Research Unit are involved. The Committee were also informed that in-principle approval of the Minister of Finance, had also been obtained to issue necessary notification under rules 3, 9 and 20 (1) of the Central Excise Rules 2002. However, the Committee regret to note that despite the in-principle approval of Minister of Finance, the necessary notification could not be issued, resulting in delay of implementation of the assurance. The Committee after careful analysis of the sequence of events had directed the Ministry to do the needful within the extended time period sought by them. The Committee hope that the Ministry would give utmost priority to the issue and the pending assurance in this matter would be implemented expeditiously.**

**(C) Amnesty Scheme for Black Money**

- (i) USQ 1482 dated 04 March, 2011 regarding Amnesty Scheme for Black Money.
- (ii) S.Q 85 dated 05 August, 2011 regarding Black Money.

The above-mentioned questions have been reproduced in Annexure X and XII.

27. The Committee noted that in reply to USQ 1482 dated 04 March, 2011 regarding amnesty scheme for Black Money, an assurance was given that the Government had 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 and the study was likely to be completed within a time-frame of eighteen months. When the Committee enquired about the delay in the completion of the said study even after expiry of the period of eighteen months, the representative of the Ministry in his reply stated as follows:—

"They have been given an extension up to December, agencies which have been entrusted with the study are National Institute of Public Finance and Policy (NIPFP), National Institute of Financial Management (NIFM) and National Council for Applied Economics (NCAE). All of them have sought an extension and they have been given extension upto 31 December."

28. On being enquired about the study being conducted by these agencies, the Committee were informed that they will make an estimation of black money. The Committee wanted to understand the source, from which the above three agencies would get the base line data for their study. In this regard, the representative of the Ministry stated as follows:—

"These are three agencies to whom the work had been entrusted and they are professional bodies..... since the Government does not have

the expertise to do it, they have been enrolled to do this job. They have taken inputs from various other Governmental agencies be it finance be it pharmaceutical industries, real estate etc."

29. On being asked about the terms of reference of these agencies, the Committee were informed that the same were not readily available with them.

30. When asked about the cost which is being paid for the said study, the representative of the Ministry stated as follows:—

"Madam, this was announced by the Finance Minister and he said that he wanted an authentic and an authoritative assessment of the amount of black money."

31. The Committee were also informed that the institutes undertaking the study are national level institutes and the study is very near to its completion and once the institutes submit their report, the Government would consider it and take decision thereon.

32. In the subsequent sitting held on 12 December, 2012, while reviewing the assurance given in reply to S.Q. No. 85 dated 05 August, 2011 also regarding Black Money, the Committee were informed that the draft report has been submitted by the above three agencies and is being examined by the Ministry.

#### **Observations/Recommendations**

**33. The Committee note that in reply to USQ 1482 dated 04 March 2011 regarding Amnesty Scheme for Black Money, an assurance was given that the Government had 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 and the study was likely to be completed within a period of eighteen months. However, the Committee regret to note that the said study could not be completed even after lapse of eighteen months time and the three agencies *i.e.* National Institute of Public Finance and Policy (NIPFP), National Institute of Financial Management (NIFM) and the National Council for Applied Economic Research (NCAER) which were enrolled for the study/estimation of black money, were granted further extension of time. The Committee were informed subsequently that the three institutes have since submitted their reports and the reports are being examined by the Ministry of Finance. The Committee now expect that the reports would be examined expeditiously and the assurances on the black money will be implemented at the earliest.**

#### **(D) IT Overseas Units**

(i) USQ 935 dated 05 August, 2011 regarding IT overseas units.

The above-mentioned question has been reproduced in Annexure XIII.

34. The Committee noted that the assurance given in reply to USQ 935 dated 5 August is pending since the year 2011. The assurance given in the reply was that the proposal to set up Income Tax Overseas Units (ITOUUs) in eight more



countries, was being processed and the Units were likely to be set up within the financial year 2011-12.

35. On being asked about the number of ITOUs set up so far, the representative of the Ministry stated as follows:—

"That has not yet been done. We had initiated the process. This is now currently lying with the Ministry of External Affairs."

36. The Committee were further informed as follows:—

"We wanted to post 08 officers in various places, for the Overseas Intelligence Units of the Income Tax Department. We had in April already posted these eight officers. The orders were passed. The Ministry of External Affairs has to agree to the terms and conditions of the posting which matter is pending with them."

37. When the Committee desired to know the reasons for the pendency from the representative of the Ministry of External Affairs, the Committee were informed as follows:—

"In fact, it was initially approved by the Foreign Services Board. When we were finalizing the terms and conditions, at that stage, there were some issues relating to operations, jurisdiction, reciprocity. So, these issues came up which required inter-departmental consultation. We have had several rounds of consultations. We hope, probably very soon. We will have a decision on this."

38. As two ITOUs were functional in Mauritius and Singapore, the Committee desired to be apprised of their usefulness. In reply, the representative of the Ministry stated as follows:—

"They have been very useful to us. There has been an increase in work load in cross-border transactions. These are technical areas of work where we look into international taxation transfer pricing....."

39. On being asked about the countries in which ITOUs are to be set up, it was informed that these are Cyprus, France, Germany, Japan, Netherlands, UAE, UK and USA.

40. The Committee then directed that a final decision in the matter be taken within a months time.

#### **Observations/Recommendations**

**41. The Committee note that the assurance given in reply to USQ 935 dated 05 August 2011 regarding IT Overseas Units is lying pending. The assurance involved in the reply was that a proposal to set up Income Tax Overseas Units (ITOU) in eight countries namely Cyprus, France, Germany, Japan, Netherlands UAE, UK and USA was being processed and these units were likely to be set up within the financial year 2011-12. However, the Committee note that the assurance given could not be implemented within the time-frame mentioned**

**in the reply. During oral evidence, the Committee were informed that the process for setting up ITOUs was initiated and referred to the Ministry of External Affairs and on being enquired from the Ministry of External Affairs it was informed that the issue requires inter-departmental consultations. The Committee desire that the process of inter-departmental consultations should be expedited and appropriate decision taken and intimated to the Committee so that the pending assurance is fulfilled.**

**(E) DTAA with Mauritius**

USQ 1006 dated 05 August, 2011 regarding DTTA with Mauritius.

The above-mentioned question has been reproduced in Annexure XIV.

42. The Committee noted that the assurance given in reply to USQ 1006 regarding DTAA with Mauritius is pending since 2011. The assurance involved was, that the Government had proposed to review the India Mauritius Double Taxation Avoidance Convention (DTAC) to incorporate appropriate changes in the DTAC for prevention of treaty shopping and to strengthen the mechanism for exchange of information on tax matters between India and Mauritius. A Joint Working Group (JWG) was constituted in 2006 in this regard. There was unwillingness on the part of Mauritius to cooperate in addressing this problem and it was proposed to hold next round of discussion to which Mauritius is yet to respond. The Committee, therefore, desired to know the reasons for pendency of the assurance. In reply, the representative of the Ministry stated as follows:—

"This is between India and Mauritius and actually we have had six rounds of discussions so far. Since both countries are involved and there have wider ramifications slightly wider on the front of relations with Mauritius, it will require a lot of discussion because this is a bilateral issue and on our part we are pressing very hard. I don't know, Madam, when we would be able to conclude this."

43. On being asked about 'Mauritius' being used as a tax loop for India and the reasons for not closing the treaty, the Committee were apprised as follows:—

"Madam, it is a Double Taxation Avoidance Agreement already in existence. We wish to renegotiate a few clauses of that, including residency and taxation by source fared on account of capital gains....."

44. About the status of assurance submitted to the Committee, the Ministry stated as follows:—

"The negotiations in respect of Double Taxation Avoidance Agreement (DTAA) with a treaty country are bilateral in nature and any amendment to the DTAA has to be mutually agreed by both the countries and is a time-consuming process. As this is a bilateral issue between two countries, it can not be implemented unilaterally by India. Therefore no unilateral assurance on proposed changes to the Double Taxation Avoidance Convention (DTAC) with Mauritius can be given. A Joint Working Group comprising members from the Government of India and Government of

Mauritius was constituted in 2006 to resolve the matter. Seventh round of discussion had taken place during 22nd to 24th August, 2012. However the issues could not be resolved."

45. The Committee were further informed that there are larger issues which the Ministry of External Affairs may be able to comment on. However the representative of the Ministry of External Affairs, who was present in the sitting expressed his inability to comment on the issue and assured the Committee to convey the message to the officer concerned with this subject in the Ministry of External Affairs.

46. Thereafter, the Committee fixed a time limit of three months for the Ministry to take a final view in the matter.

#### Observations/Recommendations

47. The Committee note that an important assurance regarding Double Taxation Avoidance Agreement (DTAA) with Mauritius is pending since the year 2011. During oral evidence, the Committee were informed that a Joint Working Group (JWG) comprising members from the Government of India and the Government of Mauritius was constituted way back in 2006 *inter-alia*, to put in place adequate safeguard to prevent misuse of the India-Mauritius DTAC. Since then six rounds of discussions had already taken place. The seventh round of discussions had also taken place from 22 to 24 August, 2012 and the representative of the Ministry admitted that it would not be known to them by when they would be able to conclude the process. It appears to the Committee that the seven rounds of discussion held so far and the constitution of JWG have failed miserably in achieving their target and as a result the assurance has remained pending till date. This also goes to show their lack of will and lackadaisical approach on the issue. The Committee were not convincingly informed about the precise measures being taken by the Ministry of External Affairs in the matter. The Committee, therefore, recommend that the matter should be pursued vigorously in coordination with the Ministry of External Affairs. The Committee hope and trust that a conclusive decision will be taken in the matter without further loss of time and the pending assurance will be implemented accordingly.

NEW DELHI;  
August, 2013  

---

Sravana, 1935 (Saka)

MANEKA SANJAY GANDHI  
Chairperson,  
Committee on Government Assurances.

## APPENDIX I

### GENERAL DISCUSSION ON FINANCE BILL BY SHRI SATPAL MAHARAJ, M.P DATED 27.7.2009

- Promise made
- (i) It was *inter-alia* stated. "Now, we have made that arrangement and a Centralised processing Centre at Bengaluru is being set up and is expected to be operationalised from August this year."
  - (ii) "As I promised in my General Budget speech, that within 45 days I will place the direct tax code on the website of the Finance Ministry."
  - (iii) "I have directed the Central Board of Excise and Customs to make the notifications prescribing levy of service tax on new services and alterations in the scope of existing services announced in the current Budget, effective from 1st of September. Therefore, they will have a clear one month to make their adjustment."
  - (iv) "Therefore, I propose to remove this anomaly by also exempting repairs and maintenance of roads from the service tax with immediate effect."
  - (v) "Accordingly, I propose to carry out necessary amendment to sub-section (9) of Section 80-1B of the Income Tax Act. This benefit will available prospectively from the Assessment Year 2010-2011 and subsequent assessment years."

**APPENDIX II**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 4818

ANSWERED ON 07.08.2009

**Investigation on Oil for Food Programme**

4818. SHRI MADHU GOUD YASKHI:  
SHRI PRASANNA KUMAR PATASANI:  
SHRI EKNATH MAHADEO GAIKWAD:  
SHRI KHATGAONKAR PATIL BHASKARRAO BAPURAO:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Enforcement Directorate (ED) has sought the Ministry's nod to approach authorities in Iraq, Lebanon and Jordan relating to alleged involvement of certain individuals/entities in the Iraq Oil-for-Food Programme;
- (b) if so, the details thereof;
- (c) whether the enquiry has already been started; and
- (d) if so, the status thereof?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM): (a) to (d) The Directorate of Enforcement is conducting investigation in this matter with the authorities concerned in several countries.

**APPENDIX III**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 2186

ANSWERED ON 06.08.2010

**Import Duty on Natural Rubber**

2186. SHRI ANTO ANTONY:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has any plan to reduce the import duty on Natural Rubber;

(b) if so, the details thereof;

(c) the details of the price of Natural Rubber in Domestic and International Market during the past three years, year-wise; and

(d) whether reduction in import duty will cause fall in price of Natural Rubber due to large scale import of the Natural Rubber?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a)&(b) Yes, Sir. A proposal for allowing imports of a limited quantity of natural rubber at a lower rate of customs duty is under consideration of the Government.

(c) The annual average prices of natural rubber for 2007-08, 2008-09, 2009-10 in the domestic and international markets in Rs. per kilogram are as under:

Year/Month	Domestic (RSS-4 at Kottayam)	International (RSS-3 at Bangkok)
2007-08	90.85	96.75
2008-09	101.02	103.79
2009-10	114.98	111.13

(d) Since only a limited quantity of natural rubber is proposed to be allowed to be imported at concessional rate of customs duty, the long-term impact of this measure on the overall prices in the domestic market is not likely to be significant.

**APPENDIX IV**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 3381

ANSWERED ON 13.08.2010

**Sale of Goods in Duty Free Shops**

3381. SHRI RUDRAMADHAB RAY:

Will the Minister of FINANCE be pleased to state:

(a) the item-wise details of Indian products sold through duty free shops at the arrival lounge;

(b) whether Indian products are discriminated against in duty free Shops located at arrival lounge in Indian airports;

(c) if so, the details thereof; and

(d) the steps being taken to create level playing field for both Indian and foreign goods?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Specified Indian products are exempted from the duty of excise under notification No.145/89~CE dated 19.05.1989, as amended, when brought for sale into duty free shops in the arrival halls at the customs airports from the factories of their manufacture situated in India, in foreign currency, to passengers arriving from abroad, subject to conditions laid down in the said notification. The details of specified products permitted to be so cleared are given in the Annexure A. The details of such specified Indian products sold through duty free shops at the arrival lounge in the year 2009-10 are Nil.

(b), (c) and (d) Representations received from trade bodies to expand the list of indigenously manufactured items allowed to be sold through duty free shops located in arrival and departure sides in Customs airports are being examined by the Ministry in consultation with stakeholders.

**APPENDIX V**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 5084

ANSWERED ON 27.08.2010

**Investigation of Circular Trade**

5084. SHRI ASADUDDIN OWAISI:

Will the Minister of FINANCE be pleased to state:

- (a) whether cases of alleged circular trade of diamonds have been detected;  
and  
(b) if so, the details thereof along with the action taken thereon?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI S.S. PALANIMANICKAM): (a)&(b) The information is being collected and  
the same will be laid down on the table of the House.



**APPENDIX VI**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 3935

ANSWERED ON 03.12.2010

**Tax Raids**

3935. SHRI DILIP SINGH JU DEV:

Will the Minister of FINANCE be pleased to state:

(a) the number of raids conducted by the Central Excise and Income Tax Department during the years 2008-09 and 2009-10 along with the details of persons and commercial and industrial establishments;

(b) the movable and immovable property and cash seized every year in the said raids;

(c) the details of seized movable and immovable property returned to the accused during the period from 2004-05 to 2009-10; and

(d) the details of movable and immovable property and money deposited in the exchequer of the Government?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) & (b) The persons and commercial and industrial establishments searched include Individuals, Hindu Undivided Families, Firms, Companies, Association of Persons, Body of Individuals, Local Authorities, Artificial Juridical Person who are in possession of any money, bullion, jewellery or any other valuable article or thing which represents wholly or partly income or property which has not been or would not be disclosed for the purpose of Income Tax and related Acts. The details of the number of warrants executed by the Income Tax Department during the Financial Years 2008-09 and 2009-10 and the value of assets seized during the same are as under:—

*(Rs. in crores)*

Financial Year	No. of warrants executed	Value of assets seized
2008-09	3379	550.23
2009-10	3454	963.50

(c) & (d) Search proceedings are followed by quasi-judicial post-search proceedings which involve detailed examination of the seized material, post-search enquiries and giving proper opportunity to individuals/entities searched to explain their income in accordance with the principles of natural justice and equity. The evidences gathered during the search and post search proceedings are used in assessment and reassessment proceedings of such individuals/entities. Such assessments/reassessments become final only when all appeals before CIT(Appeals), ITAT, High Courts or Supreme Court are finalised.

As per the Income Tax Act and related Acts, an individual/entity can be accused of being guilty after the proceedings become final and conviction order by the Courts is passed in case prosecution proceedings are initiated. The movable and immovable property and money to be deposited in the exchequer becomes final only after all the quasi-judicial and judicial proceedings attain finality.

Information in respect of reply to part (a) to (d) relating to raids conducted by Central Excise and outcome thereof is being collected and will be laid down on the Table of the House.

**APPENDIX VII**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 785

ANSWERED ON 25.02.2011

**Money Trail of Spectrum Allocation Scam**

785. SHRI NEERAJ SHEKHAR:  
SMT. P. JAYA PRADA NAHATA:  
SHRI YASHVIR SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether the Enforcement Directorate probing the money trail of spectrum allocation scam, has traced an investment of Rs. 206 crore to a TV channel of South India;

(b) if so, the details thereof;

(c) whether money was routed through a tax haven and parked in a fisheries firm in Maharashtra and Mumbai based event management company before being diverted to a TV channel;

(d) if so, the details thereof;

(e) whether First Information Report (FIR) has been filed against the guilty persons in this regard; and

(f) if so, the details thereof and if not, the reasons along with other action taken in this regard?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (f) The investigations being made by the Directorate of Enforcement under Foreign Exchange Management Act, 1999 (FEMA) and Prevention of Money Laundering Act, 2002 (PMLA) in the 2G Spectrum Scam are in progress.

**APPENDIX VIII**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 1395

ANSWERED ON 04.03.2011

**FEMA Violation**

1395. SMT. P. JAYA PRADA NAHATA:  
SHRI NEERAJ SHEKHAR:  
SHRI YASHVIR SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether a statutory autonomous body of the Government of India had made payment of Rs.146 crore to United Kingdom based firm without permission of Reserve Bank of India (RBI) and thereby has violated the Foreign Exchange Management Act, 1999 (FEMA);

(b) if so, the details thereof;

(c) whether Enforcement Directorate has enquired into the matter;

(d) if so, the details thereof;

(e) if not, the reasons therefor; and

(f) the details of action taken by his Ministry against the real culprits?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (f) Investigations in the matter have been initiated by the Directorate of Enforcement under the provisions of Foreign Exchange Management Act, 1999 (FEMA), which are currently in progress.

**APPENDIX IX**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 1461

ANSWERED ON 04.03.2011

**Raids on CWG and IPL Officials**

1461. DR. CHARAN DAS MAHANT:  
SHRI R. DHROVANARAYANA:

Will the Minister of FINANCE be pleased to state:

- (a) whether preliminary investigation have indicated financial irregularities in the Commonwealth Games (CWG) and Indian Premier League (IPL);
- (b) if so, the details in this regard;
- (c) whether various enforcement agencies have conducted raids on CWG and IPL officials recently;
- (d) if so, the details of such agencies and the outcome of such raids; and
- (e) the time by when Government proposes to file chargesheets against the guilty?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (e) The information is being collected from the concerned agencies and will be laid on the Table of the House.

**APPENDIX X**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 1482

ANSWERED ON 04.03.2011

**Amnesty Scheme for Black Money**

1482. SHRI P. VENUGOPAL:  
SHRI PRABODH PANDA:  
SHRI ARVIND KUMAR SHARMA:  
SHRI P.C. GADDIGOUDAR:  
SHRI RAKESH SINGH:  
SHRI GURUDAS DAS GUPTA:  
SMT. JHANSI BOTCHA LAKSHMI:  
SHRI RANJAN PRASAD YADAV:  
SHRI C. SIVASAMI:  
SHRI P. KUMAR:  
SHRI P. LINGAM:  
SHRI S. RAMASUBBU:  
SMT. INGRID MCLEOD:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any estimation of the amounts of black money reported to be in circulation in the country and stashed in foreign banks;
- (b) if so, the details thereof;
- (c) whether the Government proposes to bring forward any amnesty scheme to bring back black money and to set up any committee in this regard;
- (d) if so, the details thereof and the time by which the said scheme is likely to be introduced;
- (e) the other measures taken by the Government to bring back black money along with creation of legal framework to curb black money generation;
- (f) whether similar scheme introduced in the past have proved to be successful in bringing back the black money; and
- (g) if so, the details thereof along with the details of such schemes introduced earlier?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir. The Government has not made any estimation of unaccounted money inside and outside the country, in the recent times. However, 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. The proposal was approved by the Government in January, 2011. The study is likely to be completed within a time frame of eighteen months.

(b) Does not arise in view of reply to part (a) above.

(c) At present, there is no proposal before the Government to bring an amnesty scheme for disclosure of undisclosed income.

(d) Does not arise in view of reply to (c) above.

(e) The Income Tax Department takes several deterrent and punitive steps to unearth unaccounted money and curb tax evasion. These include scrutiny of returns, surveys, search and seizure action, imposition of penalty and launching of prosecution in appropriate cases. Information Technology has also been used in a big way in collection, collation and dissemination of taxpayer information. Tax Information Network (TIN) has been set up as a depository of important tax related information which can be accessed by the Department. The basic components of TIN are information relating to Tax Deduction at Source (TDS), payment of taxes and high value transactions reported in Annual Information Returns (AIR). The Department has set up an Integrated Taxpayer Data Management System (ITDMS) to electronically collate information collected from various sources *i.e.* Tax Deduction at Source, Electronic Filing of Return, Annual Information Returns, Central Information Branches (CIB) etc., to create 360 degrees profile of High net-worth assesses. Information received from Financial Intelligence Unit under the Department of Revenue regarding suspicious transactions from various banks, insurance companies etc., are also investigated by the income Tax Department. Further, the Department has implemented Computer Assisted Selection of Scrutiny (CASS) wherein returns are selected for scrutiny on the basis of comparison of the information gathered from various sources with the information available and declarations made by the assesses in the return of income.

As regards unearthing of unaccounted money and wealth outside the country, 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 Laws is taken in cases where tax evasion is detected.

India has initiated the process of putting in place a legislative 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.

(f) to (g) Nine voluntary disclosure schemes have been floated by the Government between the period from 1951 to 1997. Significant disclosures were made in these voluntary disclosure schemes.



## **APPENDIX XI**

**GENERAL DISCUSSION ON MOTION BY SMT. SUSHMA SWARAJ, M.P  
DATED 04.08.2011**

During the course of his reply to General discussion on motion by Smt. Sushma Swaraj, M.P. expressing deep concern over price rise and calling upon Government to take immediate effective steps to check inflation, the Hon'ble FM had observed that the suggestion of the Leader of Opposition for evolving a mechanism to discourage the consumption of diesel by passenger cars would be examined.

Promise made    The mechanism to discourage the consumption of diesel by passenger cars will be examined.

**APPENDIX XII**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 85

ANSWERED ON 05.08.2011

**Black Money**

85. SHRI RAJIV RANJAN (LALAN) SINGH:  
SHRI SHAFIQR RAHMAN BARQ:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has estimated or proposes to make an estimation of the amount of black money reported to be in circulation in the country and stashed in foreign countries;

(b) if so, the details thereof;

(c) whether some of the countries including Switzerland have agreed to share the information with the Indian Government regarding the amount of money and names of persons, corporates and other legal entities who have stashed such money in their banks;

(d) if so, the details thereof;

(e) whether the Government proposes to amend the existing Double Taxation Avoidance Agreement (DTAA) with various countries including Switzerland;

(f) if so, the details thereof; and

(g) the measures taken/proposed to be taken by the Government to bring back black money along with the success achieved thereof?

**ANSWER**

TO BE ANSWERED BY THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) to (g) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 85 FOR REPLY ON 05.08.2011: (a) & (b) Yes, Sir. The Government has commissioned a study to estimate the quantum of unaccounted income/wealth inside and outside the country and its ramifications on national security on the basis of the recommendations of the Standing Committee on Finance. The study will be conducted separately by three national-level institutes namely, National

Institute of Public Finance and Policy (NIPFP), National Institute of Financial Management (NIFM) and the National Council for Applied Economic Research (NCAER). Memorandums of Understanding (MoUs) have been signed with the Institutes on 21.03.2011. The study is expected to be completed in a period of 18 months.

(c) & (d) Many countries/jurisdictions are willing to share banking information in specific cases with India under the Double Taxation Avoidance Agreement (DTAA) / Tax Information Exchange Agreement (TIEA) for tax purposes. However, no fishing or roving enquiry is permissible.

(e) & (f) So far Government has concluded negotiations of 16 new TIEAs, 18 new DTAAAs and 21 existing DTAAAs, in last two years, with various countries/jurisdictions. All these DTAAAs and TIEAs have provision for effective exchange of information in accordance with the international standards. The Amending Protocol between India and Switzerland, which seeks to amend the existing DTAA between the two countries, was signed on 30th August 2010 at New Delhi and is ready to enter into force from the Indian side. The amending Protocol will, however, enter into force only after Switzerland completes its internal processes. Upon entry into force, the amended Protocol will allow India to obtain banking information, as well as information without domestic interest, from Switzerland in specific cases for a period starting from 1st April 2011.

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

- (a) Joining the global crusade against 'black money';
- (b) Creating an appropriate legislative framework;
- (c) Setting up institutions for dealing with illicit funds;
- (d) Developing systems for implementation; and
- (e) Imparting skills to the manpower for effective action.

Information regarding details of asset and payments received by Indian citizen in several countries has started flowing in which is now under different stages of processing and investigation. In large number of specific cases information has been obtained under DTAAAs. In the cases of money kept by Indian residents in a Liechtenstein bank, tax, interest and penalty equal to nearly the amount kept abroad has been levied and some of it already recovered. Prosecution for tax evasion also been initiated in these cases.

Directorate of Transfer Pricing has detected mispricing of Rs. 34,145 crore in last two financial years as against mispricing of Rs. 14,655 crore in earlier five years. Directorate of International Taxation has collected taxes of Rs. 33,784 crore from cross border transactions in last two financial years. Investigation wing of CBDT has detected concealed income of Rs. 18,750 crore in last two financial years.

**APPENDIX XIII**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 935

ANSWERED ON 05.08.2011

**IT Overseas Units**

935. SHRI E.G. SUGAVANAM:

Will the Minister of FINANCE be pleased to state:

(a) the names of places where Income Tax (IT) Overseas Units are set up as on date;

(b) whether the Government has any proposal to set up more such units in various countries;

(c) if so, the details thereof and the time by which such units are likely to be set up; and

(d) the steps taken by the Government to fight the menace of tax evasion in the wake of rise in cross border trade of goods and services?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Sir, at present Income Tax Overseas Units (ITOU) are functional at Mauritius and Singapore.

(b) and (c) Yes Sir. The Government has proposal to set up ITOUs in eight more countries, namely, Cyprus, France, Germany, Japan, Netherlands, UAE, U.K. and USA. The proposal is being processed and units are likely to be set up within the present financial year 2011-12.

(d) The Government of India has framed a comprehensive five pronged strategy to fight the menace of tax evasion in the wake of rise in cross border trade of goods and service. The strategy comprises of:—

- (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 DTAAAs and TIEAs, amending existing DTAAAs);
- (iii) Setting up institutions for dealing with Illicit Funds (10 Income-tax Overseas Units, dedicated computerized Exchange of Information [EOI] Unit);
- (iv) Developing systems for implementation (new manpower policy); and
- (v) Imparting skills to the manpower for effective action (constant training for skill development).

**APPENDIX XIV**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 1006

ANSWERED ON 05.08.2011

**DTTA with Mauritius**

1006. SHRI P. C. MOHAN:  
SHRI RAMESH BAIS:  
SHRI KISHANBHAI VESTABHAI PATEL:  
SHRI PRADEEP KUMAR MAJHI:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has found out some loopholes and revenue leakages in the Double Taxation Avoidance Agreement (DTAA) with Mauritius;

(b) if so, the details in this regard;

(c) whether the Union Government has taken the matter with the Government of Mauritius;

(d) if so, the details thereof and the reaction of the Government of Mauritius thereon; and

(e) the percentage of FDI inflow coming from Mauritius during each of the last three years in the country?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) & (b) India-Mauritius Double Taxation Avoidance Convention (DTAC) provides for taxation of income from capital gains arising from sale of shares only in the country of residence of the investor. Thus, an investor routing his investments through Mauritius into India does not pay tax on capital gains in India. There is no tax on income from capital gains on sale of shares in Mauritius. Hence, such investor routing his investments through Mauritius into India does not pay any capital gains tax either in India or in Mauritius. Mauritius, thus became an attractive route for investment into India for residents of countries other than Mauritius. Accurate estimation of the volume of alleged 'revenue loss' is difficult as the tax on capital gains depends on the difference between the sale and purchase price, factor of cost inflation index, cost of transfer, the set off of loss suffered in one transaction against the gains in the

other and the carried forward losses of earlier years. Since, the tax on capital gains for Mauritius based entities was exempt, a large number of them did not file the returns unless they had other streams of income as well. The exact amount of revenue loss due to non-taxation of capital gains cannot be quantified.

(c) & (d) Government has proposed to review the India-Mauritius Double Taxation Avoidance Convention (DTAC) to incorporate appropriate changes in the DTAC for prevention of treaty shopping and to strengthen the mechanism for exchange of information on tax matters between India and Mauritius. A Joint Working Group (JWG) comprising members from the Government of India and the Government of Mauritius was constituted in 2006 to *inter-alia*, put in place adequate safeguards to prevent misuse of the India-Mauritius DTAC. Six rounds of discussions have taken place so far. There was unwillingness on the part of Mauritius to co-operate in addressing this problem. However, recently it was agreed to convene the next meeting of the Joint Working Group on the Double Taxation Avoidance Convention. We have now proposed next round of discussion to which Mauritius is yet to respond.

(e) The percentage of FDI inflow coming from Mauritius during 2008-09, 2009-10 and 2010-11 is 41.01%, 40.16% and 35.96% respectively.

**APPENDIX XV**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 2252

ANSWERED ON 12.08.2011

**Action on 2G Spectrum Scam**

2252. SHRI A.T. NANA PATIL:

Will the Minister of FINANCE be pleased to state:

(a) whether investigation made by Enforcement Directorate in the 2G Spectrum Scam is fully completed;

(b) if so, the details thereof and the action taken or proposed to be taken thereon;

(c) if not, the reasons for delay and time by which investigations are likely to be completed;

(d) whether there has been any delay in taking action on the guilty; and

(e) if so, the details thereof, reasons therefrom and reaction of the Government thereto?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (e) The investigations in the matter by the Directorate of Enforcement under the provisions of Foreign Exchange Management Act, 1999 (FEMA) and the Prevention of Money Laundering Act, 2002 (PMLA) are in progress. The investigation under Prevention of Money Laundering Act for the offence of money laundering is connected with the investigation into the predicate offence being investigated by other agencies, where investigations are still going on. There is no delay in the investigation being conducted by the Directorate of Enforcement.



**APPENDIX XVI**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 3145

ANSWERED ON 19.08.2011

**Hawala and Angadia Cash Transaction**

3145. DR. SOLANKI KIRITBHAI PREMJI BHAI:

Will the Minister of FINANCE be pleased to state:

(a) whether there are cases of Hawala and Angadia illegal cash transaction at Bara Bazar in Kolkata;

(b) if so, the details of such transactions and name of the persons who have been involved in such transactions till 31 December, 2010; and

(c) the current status of the case?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Investigations have been taken up by the Directorate of Enforcement into suspected contraventions of Foreign Exchange Management Act, 1999 (FEMA) involving certain individuals and entities based in Kolkata. Investigations are currently under way and as such it would not be appropriate in the interest of investigation to divulge details of cases at this stage.

## APPENDIX XVII

### DISCUSSION ON THE CUSTOMS (AMENDMENT AND VALIDATION) BILL BY SHRI VIJAY BAHADUR SINGH, M.P. DATED 25.08.2011

The Member *inter alia* asked to bring transparency in Custom Act. Shri Uday Singh just mentioned in detail. We found that in Custom Act, officers have wide discretion. They can say new thing. They can even rate anything four times more than its actual cost. As a result, when discretion becomes arbitrary, corruption takes place. Therefore, it should be made transparent. I say that you go to Delhi and purchase imported parts of any vehicle from any market. How these items are being carried from abroad? In our country hundreds of big cars like Rolls Royce have been brought without paying the custom duty and this fact came to light when these cars were impounded on account of non-payment of custom duty. Therefore, my submission is that what is the accountability of this department and these officers? I have also seen during advocacy that there is direct nexus between big business houses and Department of Custom.

Promise made      The Minister *inter alia* replied as under: He has raised a question about the cases of import of cars without duty. Some people misused the facility given to people transferring their residence to India. Prompt remedial action was taken and cases are under investigation.

## APPENDIX XVIII

### DISCUSSION ON THE CUSTOMS (AMENDMENT AND VALIDATION) BILL BY SHRI UDAY SINGH, M.P. DATED 25.08.2011

The Member *inter alia* said that you are elected to the Parliament and introduce the Finance Bill. Then we discuss it and pass it with a few modification. You don't have any right to set up a Special Valuation Branch thereafter just to levy duty more than the prescribed rate in order to earn more revenue. Most of the Members are not aware that you earn more through SVB levying the rates more than that we pass. I would also like to tell you what this SVB is..... the form you ask for, can't be provided to you by any importer. In exchange he bribes you and you are talking of fighting with corruption.

Promise made The Minister *inter alia* replied as under: The second question that he raised was this. There was a reference to Special Valuation Branch. The SVB checks against under valuation so that correct duty is charged. The questionnaire is a transparent method to get information if importers do not have any information. It is not mandatory. The functioning of SVB is already under review. It is being examined as to whether it can be brought under one Directorate for a more professional approach.

## APPENDIX XIX

### DISCUSSION ON THE CUSTOMS (AMENDMENT AND VALIDATION) BILL BY SHRI P.R. NATARAJAN, M.P. DATED 25.08.2011

CUSTOMS (AMENDMENT AND VALIDATION BILL)...*contd.* asking for: The Member asked as under: All the loopholes in the laws and rules are brought to the notice of the business people, only by the officers. That has to be curbed. A powerful monitoring system is needed for this purpose; Severe action must be taken against the officers who are indulging in corruption. Whenever we go to the airport, we see 'customs duty point'. Next to that, we see 'negotiation point', but it is 'under the table negotiation'. We have to curb corruption in the Customs Department and Central Excise Department. For this purpose, all the vacancies that exist in the Customs Department and the Central Excise Department should be filled up immediately. Additional posts must be created for this purpose. I heard that there are many pending inquiries against some officers, even till their retirement. They are all continuing. They have to be settled immediately.

Promise made The Minister *inter alia* replied as under: The hon. Member, Shri P.R. Natarajan asked about the vacancies in the Department. Yes, there are a few vacancies and the cadre restructuring is under consideration.

**APPENDIX XX**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 3981

ANSWERED ON 26.08.2011

**Excise Duty Evasion**

3981. SHRI NRIPENDRA NATH ROY:

Will the Minister of FINANCE be pleased to state:

- (a) whether cases of excise duty evasion by some steel companies have come to the notice of the Government during the last three years;
- (b) if so, the details thereof; and
- (c) the action taken by the Government thereon?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI S.S. PALANIMANICKAM): (a) to (c) The information is being collected  
and to be submitted shortly.

**APPENDIX XXI**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 4851

ANSWERED ON 02.09.2011

**Fema Violation in Commonwealth Games**

4851. SHRI SYED SHAHNAWAZ HUSSAIN:

Will the Minister of FINANCE be pleased to state:

(a) whether there have been violations of Foreign Exchange Management Act, 1999 (FEMA) in connection with the organizing of the Commonwealth Games, 2010;

(b) if so, the details thereof and the number of cases filed in different courts and the number of 'show cause notice' issued during the last two years in this regard; and

(c) the action taken against the persons found responsible for violation of this law during the last two years?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) The investigations conducted so far in the organizing of Commonwealth Games, 2010 by the Directorate of Enforcement, *prima facie*, indicate contravention of provisions of Foreign Exchange Management Act, 1999 (FEMA). Investigations in the matter are in progress.

**APPENDIX XXII**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA STARRED QUESTION NO. 66

ANSWERED ON 25.11.2011

**Black Money**

66. SHRI SHAILENDRA KUMAR:  
SHRI P.C. GADDIGOUDAR:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has conducted a study to estimate the quantum of unaccounted income/wealth inside and outside the country and its ramifications on national security;

(b) if so, the progress made in this regard so far;

(c) whether some countries including France and Switzerland have initiated measures for sharing tax related information with India and provided the details of account holders who are reported to have stashed black money in their countries;

(d) if so, the details thereof;

(e) the reaction of the Government for making their names public along with the action taken/proposed to be taken against them;

(f) the progress made in regard to signing or reviewing/renegotiating the Double Taxation Avoidance Agreements (DTAAs) and Tax Information Exchange Agreements (TIEAs) with other countries to get information about black money stashed there; and

(g) the other measures taken/proposed to be taken to bring back black money stashed in foreign countries along with the success achieved therefrom?

**ANSWER**

THE FINANCE MINISTER (SHRI PRANAB MUKHERJEE): (a) to (g) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 66 FOR REPLY ON 25.11.2011: (a) The Government has commissioned a study to estimate the quantum of unaccounted income/wealth

inside and outside the country and its ramifications on national security on the basis of the recommendations of the Standing Committee on Finance. The study will be conducted separately by three government institutes, namely the National Institute of Public Finance and Policy (NIPFP), the National Institute of Financial Management (NIFM) and the National Council for Applied Economic Research (NCAER).

(b) The institutes have been given time up to September, 2012 to submit their reports.

(c) to (e) Yes Sir. Many countries / jurisdictions are willing to share banking information in specific cases with India under the Double Taxation Avoidance Agreement (DTAA)/ Tax Information Exchange Agreement (TIEA) for tax purposes. India has received tax related information from various countries. However, disclosure of such information is governed by the confidentiality provisions of the DTAA/ TIEA under which the information has been received and can be used only for tax purposes.

(f) The Government of India has DTAAAs with 81 countries, out of which 75 DTAAAs do not have specific paragraph for exchange of banking information. These 75 DTAAAs have been taken up for renegotiation and so far renegotiations have been completed in 22 cases. India has also entered into TIEAs with 5 jurisdictions. These agreements contain articles concerning exchange of information for tax purposes which allow for exchange of tax-related information.

(g) The Government of India has framed a comprehensive five-pronged strategy in order to bring back the country's money illegally stashed abroad. The strategy comprises of:

- (i) Joining the global crusade against 'black money';
- (ii) Creating an appropriate legislative framework;
- (iii) Setting up institutions for dealing with Illicit Funds;
- (iv) Developing systems for implementation; and
- (v) imparting skills to the manpower for effective action.

As a result of these efforts, tax-related information has started to flow in large numbers from outside and necessary action is taken to verify such information and bring to tax any untaxed amount. During the last two years, the Directorate of Transfer Pricing has detected mispricing of Rs. 66,085 crore and the Directorate of International Taxation has collected taxes of Rs. 33,784 crore from cross-border transactions.



**APPENDIX XXIII**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 763

ANSWERED ON 25.11.2011

**White Paper on Black Money**

763. SHRI CHANDRAKANT BHAURAO KHAIRE:  
SHRI ARJUN RAM MEGHWAL:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to bring out a White Paper on the steps to be taken to bring the black money stashed in foreign countries back in the country;

(b) if so, the details thereof; and

(c) the time by which the same is likely to be brought out?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI S.S. PALANIMANICKAM): (a), (b) & (c) The proposal is under the consideration of the Government.

**APPENDIX XXIV**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 1925

ANSWERED ON 02.12.2011

**Sale of Indian Goods Through Duty Free Shops**

1925. SHRI RUDRAMADHAB RAY:  
SHRI PRASANTA KUMAR MAJUMDAR:

Will the Minister of FINANCE be pleased to state:

(a) whether Government has plans to provide parity to Indian products with foreign made products for sale through duty free shops; and

(b) if so, the details thereof and if not, the reasons therefor?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) At present, specified Indian products are exempted from the duty of excise under Notification No.145/89-CE dated 19.05.1989, as amended, when brought for sale into duty free shops in arrival halls at the customs airport from the factories of their manufacture situated in India, in foreign currency, to passengers arriving from abroad, subject to following the conditions laid down in the said notification. The details of specified products permitted to be so cleared are given in Annexure 'A'.

The issue of amending the existing provision to provide greater parity to the indigenously manufactured items for being sold through duty free shops is being considered by the Government.

**APPENDIX XXV**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA UNSTARRED QUESTION NO. 2033

ANSWERED ON 02.12.2011

**IT Raids**

2033. SHRI OM PRAKASH YADAV:  
SHRI NAVJOT SINGH SIDHU:  
SHRI RAJENDRA AGRAWAL:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Income Tax (IT) Department/Enforcement Directorate (ED) found large amounts of cash in a raid of private locker firm recently in Delhi;
- (b) if so, the details thereof and present status of the case;
- (c) the Commissionerate-wise details of IT raids conducted and black money/property found/seized during each of the last three years and the current year till date;
- (d) whether cash and property seized therefrom tally with the estimate and if not, the details thereof; and
- (e) the measures taken by the Government in this regard?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) & (b) Search of the premises of M/s C.P. Vaults, Connaught Place, New Delhi on 26.06.2011 by the Directorate of Enforcement resulted in recovery of Rs. 09.28 crore in cash. Certain documents/ laptops/ mobile phones were also seized. Investigations in the matter are in progress.

(c) & (d) The Income Tax Department does not maintain commissionerate wise details of such operations as these are conducted on groups of persons engaged in multiple businesses spread across various commissionerates all over the country. However, the consolidated all India statistics with reference to assets

seized in search and seizure operations in the last 3 years and current year (till date) is as under:

*(In Rs. crores)*

Financial Year	Value of Total Assets Seized
2008-09	550.23
2009-10	963.50
2010-11	774.98
2011-12 (upto Oct. 2011)	299.63

Figures are Provisional.

(e) The Income Tax Department takes several steps to unearth unaccounted money and assets which include *inter alia*, scrutiny of Income tax returns, Surveys, Search and Seizure operations. There has been an increased usage of advanced techniques of investigation which includes *inter alia* Income Tax Data Management System (ITDMS), Cyber-forensics, Data Mining using Annual Information Returns (AIR) etc.

## APPENDIX XXVI

Adjournment Motion raised by Shri Lal Krishna Advani, M.P Dated 14.12.2011

- Promise made (i) "The Minister *inter-alia* replied as under (1) Page no. 5098:—  
I wanted to have an authenticity and authoritative assessment, if possible to make by three important institutions. They are National Institute of Public Finance and Policy; National Institute of Financial Management and National Council of Applied Economic Research."
- (ii) "I have mandated them to make an assessment independently. I will provide them the necessary cost to come out with a dependable assessment of the size of quantum in respect of black money."
- (iii) "(2) Page no. 5112 :— Now, from the foreign sources information which we have given, the scrutiny and other things take some time, but in 98 cases the Department has detected undisclosed amount of Rs. 533 crore and we have already realized Rs. 166 crore; the balance are still in the process. This is about the tax realization and this information I wanted to share with you."

**APPENDIX XXVII**

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

LOK SABHA STARRED QUESTION NO. 323

ANSWERED ON 16.12.2011

**Black Money**

323. SHRI ARJUN ROY:  
SHRI BALIRAM JADHAV:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has constituted any committee to examine ways and means to strengthen laws to curb generation and illegal transfer of black money and its recovery;

(b) if so, the details of the terms of reference thereof alongwith its composition;

(c) whether the committee has submitted its report to the Government and if so, the recommendations made by the committee alongwith the follow-up action taken by the Government thereon;

(d) if not, the time by which the committee is likely to submit its report; and

(e) the updated position regarding the action taken by the Government to unearth black money?

**ANSWER**

THE MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB MUKHERJEE): (a) to (e) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 323 FOR REPLY ON 16.12.2011: (a) Yes, Sir.

(b) Government has constituted a Committee headed by the Chairman, CBOT to examine ways to strengthen laws to curb generation of black money in India, its illegal transfer abroad and its recovery. The Committee is to examine the existing legal and administrative framework to deal with the menace of generation of black money through illegal means including, *inter alia*

- (i) declaring wealth generated illegally as national asset;
- (ii) enacting/amending laws to confiscate and recover such assets; and
- (iii) providing for exemplary punishment against its perpetrators.

The composition of the Committee is as under:—

- (i) Chairman, CBDT — Chairman
- (ii) Member (Investigation), CBDT — Co-Chairman
- (iii) Member (Legislation & Computerization), CBDT
- (iv) Director of Enforcement
- (v) Director General, DRI
- (vi) Director General (Currency)
- (vii) Director, FIU-IND
- (viii) Joint Secretary, Ministry of Law
- (ix) Joint Secretary (FT&TR), CBDT
- (x) Commissioner of Income Tax (investigation), CBDT — Member Secretary

(c) No, Sir.

(d) The Committee is likely to submit its report by 31.01.2012.

(e) The Government has framed a comprehensive five pronged strategy in order to bring back the country's money illegally stashed abroad. The strategy comprises:—

- (i) Joining the global crusade against black money;
- (ii) Creating an appropriate legislative framework;
- (iii) Setting up institutions for dealing with Illicit money;
- (iv) Developing systems for implementation; and
- (v) Imparting skills to the manpower for effective action.

Drive against tax evasion is a continuous and ongoing process. The Income Tax Department takes several punitive and deterrent steps to unearth unaccounted money and curb tax evasion. These include scrutiny of tax returns; surveys, search and seizure actions; imposition of penalty; and launching of prosecution in appropriate cases. Information technology is used in a systematic way for collection and collation of information for taking anti-evasion action against tax evaders.

---

**APPENDIX XXVIII**

*(Vide Para 10)*

EXTRACTS FROM MANUAL OF PRACTICE & PROCEDURE IN THE  
GOVERNMENT OF INDIA, MINISTRY OF PARLIAMENTARY AFFAIRS,  
NEW DELHI

---

1	2
Definition	<p>8.1 During the course of reply given to a question or a discussion, if a Minister gives an undertaking which involves further action on the part of the Government in reporting back to the House, it is called an 'assurance'. Standard list of such expressions which normally constitute assurances and as approved by the Committees on Government Assurances of the Lok Sabha and the Rajya Sabha, is given at Annex. 3. As assurances are required to be implemented within a specified time limit, care should be taken by all concerned while drafting replies to the questions to restrict the use of these expressions only to those occasions when it is clearly intended to give an assurance in these terms.</p> <p>8.2 When an assurance is given by a Minister or when the Presiding Officer directs the Government to furnish information to the House, it is extracted by the Ministry of Parliamentary Affairs from the relevant proceedings and communicated to the department concerned normally within 10 working days of the date on which it is given.</p>
Deletion from the list of assurances	<p>8.3.1 If the administrative department has any objection to treating such a statement as an assurance or finds that it would not be in the public interest to fulfil it, it may write to the Lok/Rajya Sabha Secretariat direct with a copy to the Ministry of Parliamentary Affairs within a week of the receipt of such communication for getting it deleted from the list of assurances. Such action will require prior approval of the Minister.</p> <p>8.3.2 Departments should make request for dropping of assurances immediately on receipt of statement of assurances from the Ministry of Parliamentary Affairs and only in rare cases where they are fully convinced that the assurances could not be implemented under any circumstances and there</p>

---



1	2
	<p>is no option left with them but to make a request for dropping. Such requests should have the approval of their Minister and this fact should be indicated in their communication containing the request. If such a request is made towards the end of the stipulated period of three months, then it should invariably be accompanied with a request for extension of time. The department should continue to seek extension of time till a decision of the Committee on Government Assurances is received by them. Copy of the above communications should be simultaneously endorsed to the Ministry of Parliamentary Affairs.</p>
Time limit for fulfilling and assurance.	8.4.1 An assurance given in either House is required to be fulfilled within a period of three months from the date of the assurance. This time limit has to be strictly observed.
Extension of time for fulfilling an assurance.	8.4.2 If the department finds that it is not possible to fulfil the assurance within the stipulated period of three months or within the period of extension already granted, it may seek further extension of time direct from the respective Committee on Government Assurances under intimation to the Ministry of Parliamentary Affairs as soon as the need for such extension becomes apparent, indicating the reasons for delay and the probable additional time required. Such a communication should be issued with the approval of the Minister.
Registers of assurances.	<p>8.5.1 The particulars of every assurance will be entered by the Parliament Unit of the department concerned in a register as at Annex. 4 after which the assurance will be passed on to the concerned section.</p> <p>8.5.2 Even ahead of the receipt of communication from the Ministry of Parliamentary Affairs, the section concerned should take prompt action to fulfil such assurances and keep a watch thereon in a register as at Annex. 5.</p> <p>8.5.3 The registers referred to in paras 8.5.1 and 8.5.2 will be maintained separately for the Lok Sabha and the Rajya Sabha assurances, entries therein being made session wise.</p>
Role of Section Officer and Branch Officer.	<p>8.6.1 The Section Officer incharge of the concerned section will:—</p> <p>(a) scrutinise the registers once a week;</p> <p>(b) ensure that necessary follow-up action is taken without any delay whatsoever;</p>

(c) submit the registers to the branch officer every fortnight if the House concerned is in session and once a month otherwise, drawing his special attention to assurances which are not likely to be implemented within the period of three months; and

(d) review of pending assurances should be undertaken periodically at the highest level in order to minimise the delay in implementing the assurances.

8.6.2 The branch officer will likewise keep his higher officer and Minister informed of the progress made in the implementation of assurances, drawing their special attention to the causes of delay.

Procedure for  
fulfilment of an  
assurance.

8.7.1 Every effort should be made to fulfill the assurance within the prescribed period. In case only part of the information is available and collection of the remaining information would involve considerable time, an implementation report containing the available information should be supplied to the Ministry of Parliamentary Affairs in part scrutinize of the assurance, within the prescribed time limit. However, efforts should continue to be made for expeditious collection of the remaining information for complete implementation of the assurance at the earliest.

8.7.2 Information to be supplied in partial or complete fulfilment of an assurance should be approved by the Minister concerned and 15 copies thereof (bilingual) in the prescribed proforma as at Annex. 6, together with its enclosures, along with one copy each in Hindi and English duly authenticated by the officer forwarding the implementation report, should be sent to the Ministry of Parliamentary Affairs. If, however, the information being furnished is in response to an assurance given in reply to a question etc., asked for by more than one member, an additional copy of the completed proforma (both in Hindi and English) should be furnished in respect of each additional member. A copy of this communication should be endorsed to the Parliament Unit for completing column 7 of its register.

8.7.3 The implementation reports should be sent to the Ministry of the Parliamentary Affairs and not to the

1	2
	Lok Sabha/Rajya Sabha Secretariat. No advance copies of the implementation reports are to be endorsed to the Lok Sabha/Rajya Sabha Secretariat either.
Laying of the implementation report on the Table of the House.	8.8 The Ministry of Parliamentary Affairs, after a scrutiny of the implementation report, will arrange to lay it on the Table of the House concerned. A copy of the statement, as laid on the Table, will be forwarded by the Ministry of Parliamentary Affairs to the member as well as the department concerned. The Parliament Unit of the department concerned and the concerned section will, on the basis of this statement, make a suitable entry in their registers.
Obligation to lay a paper on the Table of the House <i>vis-a-vis</i> assurance on the same subject.	8.9 Where there is an obligation to lay any paper (rule/order/notification, etc.) on the Table of the House and for which an assurance has also been given, it will be laid on the Table, in the first instance, in fulfilment of the obligation, independent of the assurance given. After this is done, a report in formal implementation of the assurance indicating the date on which the paper was laid on the Table will be sent to the Ministry of Parliamentary Affairs in the prescribed proforma (Annex. 6) in the manner already described in para 8.7.2.
Committees on Government Assurances LSR 323, 324 RSR 211-A.	8.10 Each House of Parliament has a Committee on Government Assurances nominated by the Speaker/Chairman. It scrutinized the implementation reports and the time taken in the scrutinized of Government Assurances and focuses attention on the delays and other significant aspects, if any, pertaining to them. Instructions issued by the Ministry of Parliamentary Affairs from time to time are to be followed strictly.
Reports of the Committees on Government Assurances.	8.11 The Department will, in consultation with the Ministry of Parliamentary Affairs scrutinize the reports of these two Committees for remedial action wherever called for. Effect on Assurances on dissolution of the Lok Sabha 8.12 on dissolution of the Lok Sabha, all, assurances, promises or undertaking pending implementation are scrutinized by the new Committee on Government assurances for selection of such of them as are of considerable public importance. The Committee then submits a report to the Lok Sabha with a specific recommendation regarding the assurances to be dropped or retained for implementation by the Government.

**MINUTES**  
SECOND SITTING

MINUTES OF THE SITTING OF THE COMMITTEE ON GOVERNMENT  
ASSURANCES (2012-2013) HELD ON 16 NOVEMBER, 2012 IN COMMITTEE  
ROOM 'E', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1145 hours to 1300 hours on Friday, 16 November, 2012.

PRESENT

Shrimati Maneka Gandhi — *Chairperson*

MEMBERS

2. Shri Rajendra Agrawal
3. Shri Hansraj G. Ahir
4. Shri Badri Ram Jakhar
5. Shri Sukhdev Singh Libra
6. Rajkumari Ratna Singh

SECRETARIAT

1. Shri P. Sreedharan — *Additional Secretary*
2. Shri U.B.S. Negi — *Director*
3. Shri T.S. Rangarajan — *Additional Director*

**Ministry of Finance (Department of Revenue)**

1. Shri Sumit Bose, Revenue Secretary
2. Smt. Praveen Mahajan, Chairperson, CBEC
3. Smt. Poonam Kishore Saxena, Chairperson, CBDT
4. Shri K.V. Chowdary, Member (Investigation-CBDT)
5. Shri J.M. Shanti Sundharam, Member (CX)
6. Shri M.S. Badhan, Member (Customs)

7. Ms. Shobha L. Chary, Member (P&V)
8. Mrs. Lipika Majumdar Roy Choudhury, Member (Service Tax)
9. Ms. Rashmi Verma, Additional Secretary (Revenue)
10. Dr. Rajan Katoch, Director (ED)
11. Shri Balesh Kumar, Special Director (ED)
12. Shri S.K. Sawhney, Special Director (ED)
13. Shri M.L. Meena, Joint Secretary (Revenue)
14. Shri Sandeep M. Bhatnagar, J.S. (Customs)
15. Shri P.K. Mohanty, Joint Secretary (TRU-I)
16. Shri Sunil Gupta, Joint Secretary (TPL-II)
17. Shri Ajay Jain, Commissioner (CX)
18. Shri Sandeep Kumar, Commissioner (Customs)
19. Shri Anup K. Mudgal, Joint Secretary (Admn.), MEA

At the outset, the Chairperson welcomed the Members to the sitting of the Committee and apprised them regarding the day's agenda. Thereafter, the Committee proceeded to review the pending assurances (upto 9th Session of 15th Lok Sabha) from S. Nos. 1 to 27 (Annexure) pertaining to the Ministry of Finance (Department of Revenue). The Committee took oral evidence of the Ministry on the assurances listed from S. Nos. 1 to 10 only. With reference to the assurance given at S. Nos. 2 to USQ No. 4818 on investigation on oil for food programme on 7 August, 2009, while expressing their anguish over the inordinate delay in getting the requisite information, the Committee stressed upon that the embassies concerned should be entrusted with the job of getting the information within a specified time-frame. With regard to assurance given at S. Nos. 10 to USQ No. 1482 on 4 March, 2011 regarding "Amnesty Scheme for Black Money", the Committee sought early completion of study undertaken by National Institute of Public Finance and Policy (NIPFP), National Institute of Financial Management (NIFM) and National Council for Applied Economic Research (NCAER) to estimate the unaccounted income/wealth inside and outside the country. The Committee also sought clarifications and raised certain queries in respect of the assurances listed at S. Nos. 1 and 3 to 9. The Committee decided to review the remaining assurances, later.

2. A verbatim record of the proceedings has been kept.

*The Committee then adjourned.*

ANNEXURE

STATEMENT SHOWING PENDING ASSURANCES (FROM 2ND SESSION TO 9TH SESSION OF 15TH LOK SABHA) OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE) (S.Nos. 1 TO 10 REVIEWED BY THE COMMITTEE ON 16 NOVEMBER, 2011)

S. No.	SQ/USQ No. and date	Subject
1	2	3
1.	General Discussion on Finance Bill by Shri Satpal Maharaj, M.P. dt. 27.07.2009 (Partly Implemented on 24.11.2010)	General Discussion on Finance Bill
2.	USQ No. 4818 07.08.2009	Investigation on Oil for Food Programme
3.	USQ No. 2186 06.08.2010	Import Duty on Natural Rubber
4.	USQ No. 3381 13.08.2010	Sale of Goods in Duty Free Shops
5.	USQ No. 5084 27.08.2010	Investigation of Circular Trade
6.	USQ No. 3935 03.12.2010	Tax Raids
7.	USQ No. 785 25.02.2011	Money Trail of Spectrum Allocation Scam
8.	USQ No. 1395 04.03.2011	FEMA Violation
9.	USQ No. 1461 04.03.2011	Raids on CWG and IPL Officials
10.	USQ No. 1482 04.03.2011 (Partly Implemented on 22.3.2012)	Amnesty Scheme for Black Money
11.	General Discussion on Motion by Smt. Sushma Swaraj, M.P. dt. 04.08.2011	Price Rise

1	2	3
12.	SQ No. 85 05.08.2011 (Partly Implemented on 22.03.2012)	Black Money
13.	USQ No. 935 05.08.2011	IT Overseas Units
14.	USQ No. 1006 05.08.2011	DTAA with Mauritius
15.	USQ No. 2252 12.08.2011	Action on 2G Spectrum Scam
16.	USQ No. 3145 19.08.2011	Hawala and Angadia Cash Transaction
17.	Discussion on the Customs (Amendment and Validation) Bill by Shri Vijay Bahadur Singh, M.P. dt. 25.08.2011	Customs (Amendment and Validation) Bill
18.	Discussion on the Customs (Amendment and Validation) Bill by Shri Uday Singh, M.P. dt. 25.08.2011	Customs (Amendment and Validation) Bill
19.	Discussion on the Customs (Amendment and Validation) Bill by Shri P.R. Natarajan, M.P. dt. 25.08.2011	Customs (Amendment and Validation) Bill
20.	USQ No. 3981 26.08.2011	Excise Duty Evasion
21.	USQ No. 4851 02.09.2011	FEMA Violation in Commonwealth Games
22.	SQ No. 66 25.11.2011	Black Money
23.	USQ No. 763 25.11.2011	White Paper on Black Money
24.	USQ No. 1925 02.12.2011	Sale of Indian Goods through Duty Free Shops
25.	USQ No. 2033 02.12.2011	IT Raids

---

1	2	3
26.	Adjournment Motion raised by Shri Lal Krishna Advani, M.P. dt. 14.12.2011	Money deposited Illegally in Foreign Bank and Action Taken
27.	SQ No. 323 16.12.2011	Black Money

---



**MINUTES**  
THIRD SITTING

MINUTES OF THE SITTING OF THE COMMITTEE ON GOVERNMENT  
ASSURANCES (2012-2013) HELD ON 12 DECEMBER, 2012 IN COMMITTEE  
ROOM 'E', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hours to 1600 hours on Wednesday,  
12 December, 2012.

PRESENT

Shrimati Maneka Gandhi — *Chairperson*

MEMBERS

2. Shri Anandrao Adsul
3. Shri Rajendra Agrawal
4. Shri Hansraj G. Ahir
5. Shri Jayant Chaudhary
6. Shri Bijoy Handique
7. Shri Badri Ram Jakhar
8. Shri Sukhdev Singh Libra

SECRETARIAT

- |                         |   |                             |
|-------------------------|---|-----------------------------|
| 1. Shri P. Sreedharan   | — | <i>Additional Secretary</i> |
| 2. Shri U.B.S. Negi     | — | <i>Director</i>             |
| 3. Shri T.S. Rangarajan | — | <i>Additional Director</i>  |

**Ministry of Finance (Department of Revenue)**

1. Shri Sumit Bose, Revenue Secretary
2. Smt. Praveen Mahajan, Chairperson, CBEC
3. Smt. Poonam Kishore Saxena, Chairperson (CBDT)
4. Shri K.V. Chowdary, Member [Investigation (CBDT)]
5. Smt. J.M. Shanti Sundharam, Member (CX)

6. Shri M.S. Badhan, Member (Customs)
7. Ms. Shobha L. Chary, Member (P&V)
8. Mrs. Lipika Majumdar Roy Choudhury, Member (Service Tax)
9. Ms. Rashmi Verma, Additional Secretary (Revenue)
10. Dr. Rajan Katoch, Director (ED)
11. Shri M.L. Meena, Joint Secretary (Revenue)
12. Shri Sandeep M. Bhatnagar, Joint Secretary (Customs)
13. Shri P.K. Mohanty, Joint Secretary (TRU-I)
14. Shri Sunil Gupta, Joint Secretary (TPL-II)
15. Shri Ajay Jain, Commissioner, (CX)
16. Shri Arun Goel, Joint Secretary (Admn.)
17. Shri Sandeep Kumar, Commissioner (Customs)
18. Shri S.K. Mishra, Joint Secretary (FT&TR-I), CBDT
19. Shri R.K. Yadav, CIT (Investigation)

**Ministry of External Affairs**

1. Shri Anup K. Mudgal, Joint Secretary (Admn.)
2. Shri Arun K. Chatterjee, Joint Secretary (CNV)

At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee resumed oral evidence of the representatives of the Ministries on the assurances listed from Sl. No. 11 to 27 of the annexure. The Committee sought clarifications and raised certain queries in respect of the pending assurances which were replied to by the representatives of the Ministry. However, as regard to assurance given in reply to USQ No. 935 dated 05 August, 2011 regarding IT Overseas Units (Sl. No. 13 of annexure) the Committee desired that the assurance be implemented in a time bound manner and gave them one month's time with the condition that no further extension of time would be given to them. The Committee did not accept the request of the Ministry to drop the assurance given in reply to USQ No. 1006 dated 05 August, 2011 regarding DTAA with Mauritius (Sl. No. 14) and desired that the assurance be taken to its logical conclusion within three months.

2. A verbatim record of the proceedings has been kept.

*The Committee then adjourned*

ANNEXURE

STATEMENT SHOWING PENDING ASSURANCES (FROM 2ND SESSION TO  
9TH SESSION OF 15TH LOK SABHA) OF THE MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE) (Sl. Nos. 1 TO 10 REVIEWED BY THE  
COMMITTEE ON 16 NOVEMBER, 2011)

Sl.No.	SQ/USQ No. and date	Subject
1	2	3
1.	General Discussion on Finance Bill by Shri Satpal Maharaj, M.P. dt. 27.7.2009 (Partly Implemented on 24.11.2010)	General Discussion on Finance Bill
2.	USQ No. 4818 07.08.2009	Investigation on Oil for Food Programme
3.	USQ No. 2186 06.08.2010	Import Duty on Natural Rubber
4.	USQ No. 3381 13.08.2010	Sale of Goods in Duty Free Shops
5.	USQ No. 5084 27.08.2010	Investigation of Circular Trade
6.	USQ No. 3935 03.12.2010	Tax Raids
7.	USQ No. 785 25.02.2011	Money Trail of Spectrum Allocation Scam
8.	USQ No. 1395 04.03.2011	FEMA Violation
9.	USQ No. 1461 04.03.2011	Raids on CWG and IPL Officials
10.	USQ No. 1482 04.03.2011 (Partly Implemented on 22.3.2012)	Amnesty Scheme for Black Money
11.	General Discussion on Motion by Smt. Sushma Swaraj, M.P. dt. 04.08.2011	Price Rise

1	2	3
12.	SQ No. 85 05.08.2011 (Partly Implemented on 22.03.2012)	Black Money
13.	USQ No. 935 05.08.2011	IT Overseas Units
14.	USQ No. 1006 05.08.2011	DTAA with Mauritius
15.	USQ No. 2252 12.08.2011	Action on 2G Spectrum Scam
16.	USQ No. 3145 19.08.2011	Hawala and Angadia Cash Transaction
17.	Discussion on the Customs (Amendment and Validation) Bill by Shri Vijay Bahadur Singh, M.P. dt. 25.08.2011	Customs (Amendment and Validation) Bill
18.	Discussion on the Customs (Amendment and Validation) Bill by Shri Udy Singh, M.P. dt. 25.08.2011	Customs (Amendment and Validation) Bill
19.	Discussion on the Customs (Amendment and Validation) Bill by Shri P.R. Natarajan, M.P. dt. 25.08.2011	Customs (Amendment and Validation) Bill
20.	USQ No. 3981 26.08.2011	Excise Duty Evasion
21.	USQ No. 4851 02.09.2011	FEMA Violation in Commonwealth Games
22.	SQ No. 66 25.11.2011	Black Money
23.	USQ No. 763 25.11.2011	White Paper on Black Money
24.	USQ No. 1925 02.12.2011	Sale of Indian Goods Through Duty Free Shops

---

1	2	3
25.	USQ No. 2033 02.12.2011	IT Raids
26.	Adjournment Motion raised by Shri Lal Krishna Advani, M.P. dt. 14.12.2011	Money Deposited Illegally in Foreign Bank and Action Taken
27.	SQ No. 323 16.12.2011	Black Money.

---

**MINUTES**

NINTH SITTING

MINUTES OF THE SITTING OF THE COMMITTEE ON GOVERNMENT  
ASSURANCES (2012-2013) HELD ON 8 MAY, 2013 IN COMMITTEE  
ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hours to 1615 hours on Wednesday, 8 May, 2013.

PRESENT

Shrimati Maneka Gandhi — *Chairperson*

MEMBERS

2. Shri Anandrao Adsul
3. Shri Rajendra Agrawal
4. Shri Gurudas Das Gupta
5. Shri Bijoy Handique
6. Sardar Sukhdev Singh Libra
7. Shri Nama Nageswara Rao
8. Rajkumari Ratna Singh

SECRETARIAT

1. Shri U.B.S. Negi — *Director*
2. Shri T.S. Rangarajan — *Additional Director*

**Ministry of Heavy Industry and Public Enterprises**

1. Shri Sutanu Behuria, Secretary (HI)
2. Shri Ambuj Sharma, Joint Secretary (HI)
3. Shri Harbhajan Singh, Joint Secretary (HI)
4. Shri R.K. Singh, Joint Secretary (HI)
5. Shri Girish Kumar, CMD (HPF)
6. Shri S.G. Shridhar, CMD (HMT)

7. Shri S.K. Mutreja, CMD, TCIL
8. Shri Rahul Bali, Director (Tech.), SIL
9. Shri M.V. Narasimha Rao, CMD, HPC

At the outset, the Chairperson welcomed the Members to the sitting of the Committee and thereafter the Committee considered and adopted 28th Report regarding Review of pending assurances pertaining to the Ministry of Finance (Department of Revenue) without any amendment. The Committee authorized the Chairperson to finalise the Report and present them to House. The Committee then resumed oral evidence of the representatives of the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) regarding pending assurances and reviewed assurances from Sl. No. 15 to 21 of the Annexure, some of the assurances which were discussed at length, are as follows:—

\*\*\*

\*\*\*

\*\*\*

2. A verbatim record of the proceedings has been kept.

*The Committee then adjourned.*

ANNEXURE

STATEMENT OF PENDING ASSURANCES OF THE MINISTRY OF HEAVY  
INDUSTRIES AND PUBLIC ENTERPRISES (DEPARTMENT OF HEAVY  
INDUSTRY) (FROM 14TH SESSION OF 13TH LOK SABHA TO  
10TH SESSION OF 15TH LOK SABHA)

Sl. No.	SQ/USQ No. and date	Subject
1	2	3
1.	USQ No. 2394 18.12.2003	Revival of Burn Standard Company Limited
2.	USQ No. 3681 18.08.2005	Revival of HCL
3.	USQ No. 3689 18.08.2005	Revival of HMT Factory, 'Tumkur'
4.	USQ No. 2694 12.12.2005	Revival of Hindustan Cables Ltd.
5.	USQ No. 3462 26.04.2007	Revival of HCL and BPCL
6.	USQ No. 880 23.10.2008	Disinvestment by Andrew Yule and Company Limited
7.	USQ No. 2625 16.12.2008	Assam Accord
8.	USQ No. 2749 23.07.2009	Hindustan Cables Limited
9.	USQ No. 1267 26.11.2009	Scrappage Scheme for Vehicle Owners
10.	USQ No. 1862 05.08.2010	Cachar Paper Mill
11.	USQ No. 5038 09.12.2010	Disinvestment of Andrew Yule and Company
12.	USQ No. 1291 03.03.2011	'R' and 'D' Centres
13.	USQ No. 2923 18.08.2011	HMT Units



---

1	2	3
14.	USQ No. 3850 25.08.2011	Machine Tool Industry
15.	USQ No. 1604 22.03.2012	Hindustan Photo Films
16.	USQ No. 2587 29.03.2012	Scooters India Limited
17.	USQ No. 3555 26.04.2012	Implementation of Projects
18.	USQ No. 4496 03.05.2012	Outright Sale of TCIL
19.	USQ No. 4522 03.05.2012	Take over of HCL Units
20.	USQ No. 5749 10.05.2012	HMT Limited
21.	USQ No. 6877 17.05.2012	Retirement Age in HMTs

---