

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:449  
ANSWERED ON:08.08.2014  
VIOLATION OF FEMA AND TAX LAWS  
Patil Shri A.T. (Nana)

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

- (a) whether some of the Industrial Houses and Multi National Companies (MNCs) have reportedly violated the Foreign Exchange Management Act (FEMA), 1999 and were involved in evasion of Central Excise and Service taxes in the recent past;
- (b) if so, the details thereof along with present status of such cases;
- (c) whether the Government has conducted any inquiry/investigation in the above cases;
- (d) if so, the outcome thereof and the action taken against the offenders; and
- (e) the steps taken by the Government to check such cases in future?

**Answer**

FINANCE MINISTER (SHRI ARUN JAITLEY)

(a) to (e) : A statement is laid on the Table of the House.

Statement referred to in parts (a) to (e) of the Lok Sabha Starred Question No. 449 for answer on 08-08-2014 regarding "Violation of FEMA and Tax Laws" by Shri A.T. Nana Patil.

(a) to (d): Directorate of Enforcement has issued 31 Show Cause Notices (SCNs) involving alleged contraventions of Rs. 5610.49 crore from 2010 onwards for violation of various provisions of Foreign Exchange Management Act (FEMA), 1999 in cases of Industrial Houses and Multi National Companies (MNCs). Whenever contraventions of the FEMA are observed, Reserve Bank of India (RBI) advises the companies concerned to get the contravention compounded under FEMA and also if required, the cases are referred to the Directorate of Enforcement for further investigation. During the last three years, RBI's Cell for Effective Implementation of FEMA (CEFA), Central Office, Mumbai, has compounded 844 cases of Industrial Houses and MNCs.

(e) The Directorate General of Central Excise Intelligence (DGCEI) and the Directorate General of Revenue Intelligence (DGRI) gather intelligence, carry out investigations and book cases to prevent any attempt of duty/ tax evasion. The progress made in disposal of cases of evasion is monitored closely by the supervisory officers through case wise reports, monthly and quarterly reports (MTRs)/reviews.