

Intelligence Cell to deal with Income Tax Evasion and Smuggling

967. SHRI D. K. PAND: Will the Minister of FINANCE be pleased to state:

(a) whether Government have a proposal under consideration to set up a full-fledged intelligence cell to deal with Income-tax evasion and smuggling; and

(b) if so, the salient features thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB KUMAR MUKHERJEE): (a) and (b). On the Customs side, the Customs formation already have intelligence units for collection and follow-up of intelligence regarding smuggling. The Directorate of Revenue Intelligence assists the Customs authorities in co-ordination and dissemination of intelligence.

On the Income-tax side, the Intelligence Units which were initially set up at Bombay, Delhi, Madras and Calcutta for tackling cases of substantial tax evasion have been created at the headquarters of other Commissioners of Income-tax. Lately, Special Units have been set up at Ahmedabad, Bombay, Madras, Calcutta and Delhi to deal with the cases of smugglers detained under COFEPOSA Act and their associates etc. The work of these Units is being coordinated by a Cell in the Directorate of Inspection (Investigation) Income-tax.

Impact of Anti-Inflationary Measures on Prices

*968. SHRI D. D. DESAI:

SHRI RAGHUNANDAN LAL BHATIA:

Will the Minister of FINANCE be pleased to state:

(a) whether the annual rate of inflation has steadily decelerated;

(b) if so, whether the index of wholesale prices is maintaining a downward trend from January, 1975;

(c) whether Government are considering to take any further anti-inflationary measures, and

(d) if so, the facts thereof?

THE MINISTER OF FINANCE (SHRI C. SUBRAMANIAM): (a) and (b). As a result of a steady decline in the Index of Wholesale Prices, the annual rate of inflation has come down from 31.9 per cent during the week ended September 21, 1974 to 7 per cent by the week ended April 5, 1975. Although the Wholesale Price Index has risen marginally in the following two weeks, the rate of annual inflation has further declined to 5.9 per cent.

(c) and (d) While the strength of inflationary forces has considerably weakened as a result of the measures taken so far, the Government is keeping a close watch on the situation and further action will be taken as and when considered necessary. However, the only lasting solution lies in increased production. In the annual plan 1975-76 outlay in the public sector has accordingly, been stepped up by 23 per cent and larger allocations have been made for the core sectors such as food and energy.

Arrest of Indian Nationals in Bangladesh Border Districts

*970. SHRI JHARKHANDE RAI: Will the Minister of FINANCE be pleased to state:

(a) whether some of the Indian Nationals were arrested in Bangladesh border districts on charges of possessing large sums of demonetized 100 taka notes; and

(b) if so, the particulars thereof and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB KUMAR MUKHERJEE): (a) and (b). No official intimation has been received by the Government in this respect.

Division of Equity Participation of Foreign Companies

***971. SHRI NAWAL KISHORE SHARMA:** Will the Minister of FINANCE be pleased to state:

(a) how many foreign firms have till now brought down their equity participation to 40 per cent in accordance with the provisions of the Foreign Exchange Regulation Act, 1973;

(b) what steps have been taken to enforce the law in respect of those firms which have not yet fallen in line; and

(c) whether Government will set up a deadline by which the equity of all foreign firms is brought down to 40 per cent?

THE MINISTER OF FINANCE (SHRI C. SUBRAMANIAM): (a) to (c). In terms of the guidelines on Section 29 of the Foreign Exchange Regulation Act, 1973, a copy of which was laid on the Table of the Lok Sabha, all branches of foreign companies operating in India will be required to convert themselves into Indian Companies with non-resident interest upto 40 per cent and all Companies incorporated in India and having more than 40 per cent non-resident interest will be required to reduce the non-resident interest to 40 per cent in the following cases in which the Indian participation will not be less than 25 per cent of the equity of the Company:—

(i) those engaged in manufacturing activities covered under Appendix I of the Industrial

Licensing Policy of 1973 or which require sophisticated technology; or

(ii) those engaged in predominantly export oriented industries; or

(iii) those engaged in Tea Plantation; or

(iv) Airlines and Shipping companies whose applications will be decided on reciprocity basis.

The information regarding the names of the companies who have been asked by the Reserve Bank of India to bring down the non-resident interest of 40 per cent in accordance with these guidelines is being collected and will be laid on the Table of the Lok Sabha.

The period in which the foreign companies will be required to reduce the non-resident interest generally ranges from one to two years depending on the merits of each case.

The Reserve Bank of India have adequate powers under the Foreign Exchange Regulation Act, 1973 to take appropriate action against the companies which do not comply with the conditions imposed by the Bank relating to reduction of non-resident interest.

Raids on Tax Evaders

***972. SHRI S. M. BANERJEE:** Will Minister of FINANCE be pleased to state:

(a) what are the latest facts relating to the raids against tax evaders;

(b) the state-wise figures relating to the raids and the results of those raids; and

(c) the steps taken so far to fight the tax evaders?