

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

**LOK SABHA
UNSTARRED QUESTION NO. 64**

**TO BE ANSWERED ON MONDAY THE 18TH NOVEMBER, 2019
KARTIKA 27, 1941 (SAKA)**

BLACK MONEY

64: DR. T. SUMATHY (a) THAMIZHACHI THANGAPANDIAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether money coming into India from foreign countries for various purposes as participatory note are monitored/ scanned/probed;*
- (b) if so, the details thereof alongwith and the agency-wise findings thereof during the last five years and the action taken by the Government in this regard so far;*
- (c) whether India has entered into a pact with other countries to share the mutual flow of information pertaining to money laundering and funding etc and if so, the details thereof;*
- (d) the action plan being taken by the concerned countries in this regard; and*
- (e) the effective steps taken by the Government to bring back the black money stashed in foreign countries as promised?*

ANSWER

MINISTER OF STATE FOR FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) & (b): Yes, Sir. The investments in India from foreign countries as Participatory Notes(P-Notes)/Offshore Derivative Instruments (ODI) are being monitored through monthly reports submitted by ODI issuing Foreign Portfolio Investors (FPIs), as required under SEBI (Foreign Portfolio Investors) Regulations, 2019.

SEBI has also mandated stringent KYC norms and has been tightening the disclosure and reporting norms from time to time in order to check misuse of these instruments and strengthen the P-Notes/ODI Regulatory Framework.

Due to steps taken by SEBI, the investment through P-Notes/ODI route has reduced significantly over the past years which is clear from the fact that the notional value of ODIs (on Debt, Equity & Derivatives) as a percentage of Asset Under Custody of the FPIs has come down from 55.7% in June, 2007 to 2.3% in September, 2019.

Further, in terms of the amended Rule 3 of the Prevention of Money Laundering Rules, every reporting entity is required to maintain the record of all transactions, including the record of all cross border wire transfers of more than Rs 5 lakhs or its equivalent in foreign currency, where either the origin or destination of the funds is in India. Such information is required to be furnished to Financial Intelligence Unit (FIU-IND) by 15th of successive month. These cross border wire transfer reports are linked with the Suspicious Transaction Reports (STRs) and disseminated to various Law Enforcement Agencies (LEAs) as part of STRs.

(c) & (d): Yes Sir. India has bilateral cooperation with other countries to share the mutual flow of information pertaining to money laundering. For the purpose of intelligence sharing, the requests are made with respective Financial Intelligence Units through FIU-IND.

In criminal matters, the requests under Mutual Legal Assistance Treaty (MLAT) are sent to the foreign jurisdictions. Currently, India has MLAT with 39 countries. Where the MLAT does not exist, the requests are sent on the basis of mutual assurance of reciprocity.

Further, India has been proactively engaging with foreign governments with a view to facilitate and enhance the exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Conventions.

(e): Major steps taken by the Government to bring back black money stashed abroad, inter-alia, include the following:

- (i) Enactment of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 w.e.f. 01/07/2015
- (ii) Constitution of the Special Investigation Team (SIT) on Black Money in May, 2014 under the Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court. Investigation into cases involving substantial black money/undisclosed income, particularly black money stashed abroad, are being extensively and intensively monitored by the SIT.
- (iii) India has put in place the necessary domestic legislation and entered into international agreements for sharing of financial account information on automatic basis. India has received financial account information from USA under Inter Governmental Agreement based on Foreign Account Tax Compliance Act (FATCA) during the years 2015 to 2019.
- (iv) Information in cases under investigation for tax evasion is also received on request basis under the relevant provisions of tax treaties entered into by India with foreign jurisdictions. Information received on automatic as well as request basis is used to tax unaccounted income and assets of Indian residents abroad.

- (v) India has started Automatic Exchange of Information since 2017. In 2017, 2018 and 2019, India has received financial account information of Indian residents from many other partner jurisdictions based on AEOI under CRS and is today receiving Financial Account Information from over 90 jurisdictions as per the Common Reporting Standard. India has been one of the leaders of this initiative and as a result huge amount of information is now being received from foreign jurisdictions.
- (vi) The Prevention of Money-laundering Act, 2002 has been amended to enable attachment and confiscation of property equivalent in value held within the country or abroad in a case where the proceeds of crime are taken or held outside the country.
- (vii) The Fugitive Economic Offenders Act, 2018 has been enacted to provide for attachment and confiscation of proceeds of crime associated with scheduled economic offences and the properties of the fugitive economic offenders and thereby deter them from evading the process of Indian law by remaining outside the jurisdiction of Indian courts.
