

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1470
ANSWERED ON:16.07.2004
AUDIT OF PRIVATE BANKING COMPANIES
Singh Shri Prabhunath

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that test check by audit of about one thousand private banking companies and non-banking financial companies has revealed serious irregularities in not following the statutory provision resulting in short levy of taxes to the tune of Rs. 1,04,17.18 lakhs; and

(b) if so, the action taken/proposed to be taken to realize the tax amount from them?

Answer

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

(a) The C & AG in their Report No. 12A of 2002, laid before the Parliament on 15th March, 2002 have pointed out certain irregularities on account of failure to follow the statutory provisions leading to alleged short levy of tax of Rs. 1,04,177,18 lakhs in 1587 cases.

(b) CBDT has directed vide Instruction no. 1928 dated 7.8.1995 to their Assessing officers working in all Commissionerates of Income Tax in the country to invariably initiate remedial actions including rectificatory measures, in all cases of revenue audit objections irrespective of the fact whether the revenue audit objections are accepted by the department or not. The CCIT/CSIT are already under instructions to immediately act on the audit objections raised by office of C & AG to see that objections get settled at an early date. This review of private banking companies & non-banking financial companies has been selected by the Public Accounts Committee of Parliament for further examination and Oral Evidence of the Ministry of Finance & CBDT. A detailed report has already been submitted to Lok Sabha Secretariat and to C&AG by the CBDT and Department of Revenue.