

15.06 hrs.

STATEMENT RE : SCHEME OF MAKING DECLARATION ABOUT FOREIGN INTEREST/ASSETS AND HOLDINGS BY INDIAN NATIONALS AND COMPANIES HELD ABROAD.

[English]

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH) : Sir, I rise to make an announcement regarding a scheme of making declaration about foreign interest/assets and holdings by Indian nationals and companies held abroad.

2. Government have taken steps to encourage people to voluntarily come forward to comply with the tax laws. Opportunities were provided for voluntary disclosure of income and wealth not earlier revealed for purposes of income tax. Similarly, a scheme relating to Customs and Central Excise duties was also introduced. These schemes have provided a window for assesseees who might have evaded taxes in the past to come clean and pay their dues to the Government. No tax concession was granted under these schemes and the relisation of Government dues was fully ensured. In the same spirit which guided the Government in introducing these voluntary disclosure schemes for income tax, central excise and customs duties, Government are of the view that an opportunity should be afforded to all concerned to come forward voluntarily and disclose their interest abroad. Government accordingly invite all concerned to furnish voluntary declarations about their undisclosed financial interests and activities abroad and conform to the requirements of FERA. While a complete list of such interests/activities abroad would be too lengthy, it would inter-alia, include the following :

- (1) Balances held abroad in bank accounts or with any other organisations/persons.
- (2) Foreign securities (including shares, debentures, bonds etc).
- (3) Movable properties (other than those at (2) above) owned and held abroad.

- (4) Immovable properties held abroad.
- (5) Equity interest in overseas joint ventures and subsidiaries not declared to or approved by Government of India/Reserve Bank of India.
- (6) Equity interest in subsidiaries/affiliates abroad acquired and held by overseas joint ventures/subsidiaries of firm/companies in India, which has not been declared to Government of India/Reserve Bank of India.
- (7) Earnings from consultancy/technical/management contracts abroad, which have not been declared to Reserve Bank of India/repatriated to India.
- (8) Guarantees or loans extended to foreign parties either directly or through overseas joint ventures/subsidiaries in which the declarant has an interest.
- (9) Details of unspent balances of foreign exchange released by Reserve Bank of India but retained abroad without its permission.
- (10) Details of Indian/foreign currency paid to non-residents without permission of Reserve Bank of India.
- (11) Details of foreign exchange brought to the country but not surrendered to an authorised dealer/money changer.
- (12) Details of payments made in rupees to or on behalf of non-residents without proper authorisation + in compensation for payments received abroad in foreign exchange.
- (13) Particulars of association with/participation in foreign concerns (other than by virtue of equity participation) such as directorship of a foreign company.
- (14) Particulars of trusts created outside India by the declarant solely or jointly with others.

- (15) Any other transaction (s) or activities having a foreign exchange angle undertaken by the declarant without proper authorisation.

3. All declarations should be made in the prescribed form and forwarded to the Controller, Exchange Control Department, Reserve Bank of India, Central Office, Bombay-400023 by 31.3.1987. Reserve Bank will scrutinise the declarations and advise each declarant about the legality or otherwise of his overseas interests or activities declared as also any further formalities to be complied with. Where necessary, declarants will be required to submit separate applications to the Reserve Bank of India for obtaining the Bank's requisite permission under the Foreign Exchange Regulation Act, 1973, for continuing the financial interest/activity abroad or holding the foreign assets. Where Reserve Bank is of the view that necessary permission under Foreign Exchange Regulation Act 1973 cannot be given the Reserve Bank will direct the declarant to take such steps as may be necessary and on such conditions as it deems appropriate to bring back to India assets etc. involved in such transactions. There will be no concession in the obligation to bring back foreign exchange into India and declarants will have to fall in line with FERA guidelines.

4. Government of India hope that all concerned would take full advantage of this opportunity for voluntary disclosure of financial interests/activities abroad. It has been decided by Government that while provisions of Foreign Exchange Regulation Act 1973 and the Rules/Regulations framed thereunder will not be relaxed for regularisation of such interests/activities, which are in violation of the Act or any statutory Rules/Regulations framed thereunder, prosecution of the declarants under FERA will not be resorted to.

5. The amnesty will not be applicable to foreign exchange acquired or purchased in unauthorised markets in illegal transactions relating to gold, silver, drugs and narcotics or any other contraband items. This scheme will also not apply to cases where criminal prosecution or adjudication proceedings have already been launched by the Directorate of Enforcement. It will, however, be open for the concerned parties against whom cri-

minal prosecution or adjudication proceedings have been initiated to make voluntary declarations about other transactions which are not converted by the aforementioned proceedings.

PROF. MADHU DANDAVATE (Rajapur) : Sir, since this is a licence to economic offenders, I demand that we should have a discussion under Rule 193 on the Statement that is made by the Finance Minister.

MR. SPEAKER : You have the right to, Sir.

SHRI SOMNATH CHATTERJEE (Balpur) : It is a very vital matter.

MR. SPEAKER : You have the right to, Sir. There is no problem about that.

PROF. MADHU DANDAVATE : I only exercise my right to demand. That is all.

MR. SPEAKER : Yes, that is right. I said that, Sir.

(Interruptions)

MR. SPEAKER : Did I hesitate, Sir ?

PROF. MADHU DANDAVATE : I am afraid, we will march to twenty-first century before time, Sir, and that is why I want a discussion.

SHRI SOMNATH CHATTERJEE : Sir, one thing has not been said, whether an apology would be sufficient.

(Interruptions)

SHRIMATI GEETA MUKHERJEE (Panskura) : Sir, before he made this statement, how is it that everything was in the press ? Today all the regional newspapers have printed this very news.

(Interruptions)