

[16 July, 2002]

RAJYA SABHA

Campaign against tax defaulters

73. **SHRI LAJPAT RAI :**

SHRI SURESH BHARDWAJ :

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether it is a fact that a call has been given to go after tax evaders ;
- (b) whether the campaign has been planned, if so, the results of the efforts put in during the last three months ;
- (c) whether it is a fact that all the three revenue departments *i.e.* income tax, excise and custom got intelligence reports regarding assets (cash + in kind) of the senior/middle rung officials, if so, what is the general impression gathered; and
- (d) if not, whether Government would ask for such reports; if so, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) Checking tax evasion is a continuous process undertaken by the Commissionerates as well as Directorate of Revenue Intelligence, Directorate General of Central Excise Intelligence and Directorate General of Income Tax (Investigation).

- (c) and (d) Whenever any complaint regarding disproportionate assets is received against any officer of the Revenue Department, appropriate departmental action is taken under the relevant rules.

Financing of Film Industry

74. **DR. DASARI NARAYANA RAO :** Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to refer to answer to Unstarred Question 51 given in the Rajya Sabha on the 26th February, 2002 and state :

- (a) whether any limit of the loan, period of repayment and securities etc., have been prescribed for financing the films ;
- (b) if so, the details thereof; and
- (c) the number of film projects financed by each bank so far in the country ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) and (b) Reserve Bank of India (RBI) has issued guidelines *vide* circulars dated 14-5-2001 and 8-6-2002 for financing film production by the commercial banks. The salient features of RBI guidelines are given in the enclosed Statement (*see below*)

(c) The information is being collected and will be laid on the Table of the House to the extent available.

Statement

Salient features of RBI Guidelines

1. Banks will provide finance to film producers with good track record in the relative field. Banks will also provide finance to these entities for production of films in participation with the NFDC.
2. Assistance will be available both to corporate as well as non-corporate entities (in the case of the guidelines formulated by FIs, assistance was limited to corporate bodies).
3. Ordinarily producers are to bring 25% of the project cost and to arrange another 35% to 40% of the budget from the distributors in the usual course as per usual practice. Therefore the banks assistance will be limited to the remaining 35% to 40%. However, in deserving cases it can go upto 50%.
4. The period of loan will be fixed based on banks's assessment (whereas in the case of FIs guidelines the loan period is limited to two years).
5. Banks will obtain security in the form of the rights on the negatives of the Films, Music Audio/Video Rights, Satellite Rights, Channel Rights, Export Rights etc., Hypothecation charges on the movable assets, other collaterals, if any, etc.
6. The existing insurance products as acceptable to banks should be obtained from film producers.
7. Banks should devise appropriate accounting/monitoring formats. Banks may also consider appointing specialized agencies for monitoring.
8. RBI *vide* their circular dated 14-5-2002 had stipulated that banks should not finance projects where total cost of production of film exceeds Rs. 10 crore. This Financing limit of Rs. 10 crore has been withdrawn by RBI *vide* their circular dated 8-6-2002. The Board of Directors of Banks should fix an overall exposure limit to the industry and ensure that advances are distributed over a reasonable number of films so that the risk is adequately spread.