

(c) whether certain foreign institutions have also made assessment about the quantity of this amount; and

(d) if so, the details thereof?

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

(a) and (b) There is no verifiable information available about huge amount of capital being sent abroad every year through illegal means. The Capital investments abroad are normally remitted through banking channels. However, as and when instances of unauthorized transfer of funds abroad for any investment or otherwise is noticed, appropriate action is taken by the Directorate of Enforcement.

The Investigation Directorates also gather necessary intelligence regarding individuals and entities who have opened undisclosed foreign bank accounts. Further information is collected from the respective countries/territories under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs) and accordingly the Investigation Directorates take action on the following lines:-

- (i) Gather intelligence about the agents/officials of foreign banks operating in India who are soliciting opening of foreign bank accounts.
- (ii) Collect information about Indian nationals suspected to have bank accounts in tax havens and also the agents or money changers involved in such work.
- (iii) Obtain information through Central Information Branches (CIB) regarding frequent foreign visits of Indian nationals to tax havens.
- (iv) Keep close watch to collect evidence during Search/Survey operations pertaining to opening of foreign bank accounts or immovable assets outside India.

(c) and (d) Certain studies have reportedly been conducted by private entities, including Foreign Institutions, regarding assessment of total amount of capital being sent abroad through illegal means. The mode and methods adopted in these studies and the assumption and presumptions made therein are not known. Accordingly, these estimates cannot be relied upon by the Government.

Creation of an independent DMO

1416. SHRI S. THANGAVELU : Will the Minister of FINANCE be pleased to state :

(a) whether Government has proposed to create an independent Debt Management Office (DMO) within two years, relieving RBI from the burden of managing sovereign borrowings and helping it focus on monetary policy;

(b) if so, the details thereof;

(c) whether some states have opposed the plan to establish DMO on the ground that RBI was managing their debt programmes well and they do not see any rationale for mandating the new agency to handle their public borrowings; and

(d) if so, the details thereof and reaction of Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) : (a) and (b) Yes, Sir. However, the Government has not specified any timeframe for setting up a Debt Management Office (DMO).

The creation of Debt Management Office was announced in the Budget speech (2007-08) which, *inter alia*, stated that, "World over, debt management is distinct from monetary management. The establishment of a Debt Management office (DMO) in the Government has been advocated for quite some time. The fiscal consolidation achieved so far has encouraged us to take the first step. Accordingly, I propose to set up an autonomous DMO and, in the first phase, a Middle Office will be set up to facilitate the transition to a full-fledged DMO."

(c) and (d) Pursuant to the announcement in the Budget, Government set up an International Working Group on Debt Management. The views of State Governments were sought on the recommendations of the Working Group. Some State Governments were in favour of the proposed debt management agency managing debt of State Governments while some others had certain reservations.

Some State Governments were of the view that the existing arrangement, with RBI managing debt for States, is working satisfactorily and there may not be any need for a change. The possibility of the new arrangements increasing the cost of borrowing by the States was another concern. The views of the State Governments will become relevant inputs in finalizing the structure of the DMO.

Income tax liability in the case of companies selling equity

1417. SHRI JAI PRAKASH NARAYAN SINGH : Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that many companies both Indian and Foreign have brought stakes in new operators during the last two years;

(b) whether it is a fact that Bangalore based BPL and UK based Cairn (India) have sold their companies equity to new operators;