

(a) whether it is a fact that Government has established a Directorate of Income Tax (Criminal Investigation) as a wing of the Central Board of Direct Taxes (CBDT);

(b) if so, the details thereof; and

(c) the measures taken to curb income tax related offences by the Directorate?

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

(a) to (c) Yes, Sir. The Government has created the Directorate of Income Tax (Criminal Investigation) in the Central Board of Direct Taxes (CBDT). The Directorate of Income Tax (Criminal Investigation) is mandated to perform functions in respect of criminal matters having any financial implication punishable as an offence under any direct tax law.

The Directorate of Income Tax (Criminal Investigation) is mandated to perform the following functions *inter alia* to curb income tax related offences:

- (1) To seek and collect information about persons and transactions suspected to be involved in criminal activities having cross-border, inter-state or international ramifications, that pose a threat to national security and are punishable under the direct tax laws;
- (2) To investigate the source and use of funds involved in such criminal activities;
- (3) To enter into agreements for sharing of information and other cooperation with any central or state agency in India or agencies of foreign states as may be permissible under any international agreement.

Merger of SBI and its associate banks

207. SHRI D. RAJA:

SHRI M.P. ACHUTHAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government has decided to move towards merger of all associated banks of State Bank of India (SBI) with itself; and

(b) if so, the details and objectives thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) and (b) No, Sir. The current policy of the Government on consolidation leaves the initiative for consolidation to come from the management of the banks themselves. -While examining any merger proposal, Government keeps in view the interests of the stakeholders and employees of merging banks.

Floating of fake finance companies

208. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

- (a) whether it is fact that fraudsters are floating fake finance companies in various parts of the country and duping unsuspecting people of their hard earned money;
- (b) if so, the details thereof; and
- (c) the measures Government has taken or propose to take to prevent such frauds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) to (c) Reserve Bank of India (RBI) has reported that no Non-Banking Finance Companies (NBFCs) can commence business without obtaining a Certificate of Registration (CoR) under the RBI Act, 1934. Contravention of these provisions attracts penalties. RBI has reported that it has taken appropriate action against illegal entities/companies whenever information of the same has been received by it. Some names which have been featuring in the media recently such as Speakasia, UniPay etc. are not registered with RBI as NBFCs, and do not appear to be doing NBFI activities.

Entities which raise monies from public come under the jurisdictions of various regulatory bodies e.g. the Non-Banking Financial Companies are under the regulatory and supervisory jurisdiction of RBI; Nidhis, chit funds and money circulation schemes are under the State Governments; and Collective Investment Schemes (CIS) are under the Securities and Exchange Board of India (SEBI). SEBI notified SEBI (CIS) Regulations in October 1999. Subsequently, out of the 664 CIS entities SEBI had information about, 54 CIS entities wound up their schemes and refunded the money to the investors. SEBI issued directions under Section 11B of the SEBI Act, 1992 to the remaining 610 entities directing them to refund the money collected under the schemes with