

{Union Government-Accounts of Union Government (Civil)} has aggregated the outgo towards interest on refunds (from F.Y.2006-07 to F.Y. 2010-11); which has been paid to the assesses as per the statutory provisions of section 244A of the Income Tax Act, 1961 (the Act) and has classified it as an expenditure.

The Act stipulates that refund to a taxpayer shall include interest on excess collection of taxes, as under:

modus operandi of drugging criminals.

- i) In case of processing of the return of income: From 1st April of the Assessment Year to the date of processing of return, and
- ii) In case of giving effect to appellate orders etc: From the date/s of payment of excess tax to the date of giving effect to the appellate order.

Thus, such statutory outgo towards payment of interest has been in accordance with the mandate give by the Parliament since inception of the Act till now, and it does not require separate approval of the Parliament. Moreover the said outgo, being a statutory obligation cats by the Parliament and having no correlltion whatsoever with the earning of revenue or cost of collection is not an operational expenditure. As tax collection for an year is made in advance (in the form of advance tax and TDS) much before the timelines of ascertainment of the final taxable income by an assessee, excess collection from certain taxpayers is inevitable. Further receiverd dues may become refundable on account of relief granted by appellate authorities. Thus payment of such interest is embedded in the mechanism of taxation.

The routing of such interest outgo through budgetary mechanism will not only be cumbersome but also inevitably cause administrative quagmire adversely affecting early processing of refund returns / delay in grant of appeal effects, increasing the outgo for interest payable, causing poor taxpayer services and harassment of the taxpayers thereby giving rise to the taxpayer grievances.

Accordingly, historically outgo towards interest on refunds is treated as "reduction from gross tax collections" and is an integral part of " Deduct Refund".

Menace of fake Indian currency

5017. SHRIMATI VASANTHI STANLEY: Will the MINISTER OF FINANCE be pleased to state:

(a) the details of steps the Ministry has taken to fight the menace of fake India currency notes;

(b) whether the Ministry has conducted a survey of how other countries deal with this menace; and

(c) whether any other country has accepted to share the scanning technology to check the flow of bulk cash?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) To address the multi-dimensional aspects of the ICN menace, several agencies such as the RBI, Ministry of Finance, Ministry of Home Affairs, Security and Intelligence Agencies of the Centre and State, Central Bureau of Investigation (CBI) etc. are working in tandem, to thwart the illegal activities related to FICNs. The work of these agencies is periodically reviewed by a nodal group (FCORD) set up for this purpose. FCORD (FICN Coordination Cell) coordinate/ shares all available information/ intelligence and analysis on circulation/ smuggling of FICN in the world. At the functional level the CBI has been declared as the nodal agency for coordination with the states and the directorate General of Revenue Intelligence has been nominated as the Lead Intelligence Agency for the purpose. National Investigation Agency has been empowered by National Investigation Agency Act to Investigate and prosecute such offences to deal with this menace. The Government has also constituted a Terror Funding and Fake Currency Cell (TFFC) in NIA in 2010 to focus on investigation of terror Funding and Fake Currency Cases.

Reserve Bank of India (RBI) has also initiated several measures to curb the menace of counterfeit currency. These measures include augmenting the security features, running education campaigns for members of public and cash handlers to facilitate detection of counterfeits etc.

(b) and (c) No, Sir.

Increase in current account deficit

†5018 SHRI RAM JETHMALANI:

SHRI RAMCHADRA PRASAD SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that despite continuous growth in export the deficit in current account is increasing;

(b) if so, whether it is also a fact that at present this amount has gone up to 4 per cent of the Gross Domestic Product (GDP) of the country;

† Original notice of the question was received in Hindi