

assets is held also impact the level of reserves. The decline in foreign exchange reserves between January-July 2012 was mainly due to sale of foreign currency assets by the RBI.

(c) and (d) Though the foreign exchange reserve declined to US\$ 288.8 at end July, 2012, the reserves are at adequate level in terms of import coverage.

**NBFCs involvement in gold loan business**

186. DR. JARNARDHAN WAGHMARE: Will the Minister of FINANCE be pleased to state:

(a) whether the RBI asked Non-Banking Financial Companies (NBFCs) involved in gold loan business to revise their Fair Practices Code (FPC) norms:

(b) if so, the details in this regard;

(c) whether these fair practices would also include service conditions of the staff of these NBFCs to stop their exploitation through retention of original educational certificates; and

(d) if so, the steps taken by Government to save young employees from financial and mental exploitations in these NBFCs through such tactics?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Reserve Bank of India (RBI), *vide* its circular dated 28.09.2006, issued guidelines to all Non-Banking Financial Companies (NBFCs) on Fair Practices Code (FPC) to be adopted by them while doing lending business, which, *inter-alia*, covered general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery mechanism. In view of the creation of a new category of NBFCs *viz.* NBFC-MFIs and also rapid growth in NBFCs lending against gold jewellery, RBI has issued revised guidelines, whereby, the NBFCs are required to put-in place a modified FPC with the approval of their Boards. NBFCs are also required to publish and disseminate the FPC, besides hosting the same on the web-site of the company, if any, for the information of the public. The NBFCs lending against collateral of gold jewellery have been advised to adopt a Board-approved policy, which should also cover the following-

- (i) Proper assaying procedure for the jewellery received;
- (ii) Internal system to satisfy ownership of the gold jewellery;
- (iii) Adequate systems for storing the jewellery in safe custody;
- (iv) Insurance of the jewellery;
- (v) Board-approved policy laying down a transparent procedure for auction of the jewellery in case of non-repayment; etc.

(c) No, Sir.

(d) Does not arise.

**Penalty for acquisition case to Vodafone**

187. SHRI D. RAJA: Will the Minister of FINANCE be pleased to state:

(a) whether the Vodafone has been asked to pay Rs. 20,000/- crore tax interest and penalty for its 2007 acquisition case following the amendment to the Income Tax Act with retrospective effect; and

(b) if so, the details thereof and Vodafone's response thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) An order under sections 201(1) and 201(1A) of the Income-Tax Act, 1961, was passed on 22.10.2010 determining a tax liability (including interest) of Rs. 11,218 crore. An order under section 271C of the Income-tax Act, 1961, was passed on 29.04.2011 imposing a penalty of Rs. 7,900 crore. However, this penalty demand was not forced in view of the Supreme Court's directions dated 15.04.2011.

Subsequently, the Supreme Court by order dated 20.01.2012 quashed the above-mentioned order dated 22.10.2010 levying tax and interest. After the order of the Supreme Court, Parliament passed the Finance Act, 2012. Section 119 of the Finance Act seeks to validate the above referred order dated 22.10.2010. The Assessing Officer, as a quasi judicial authority, will take appropriate action in the light of the Supreme Court judgement and section 119 of the Finance Act, 2012.

**Amnesty to wealthy citizens**

188. SHRI M.P. ACHUTHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Indian Government has offered an amnesty to more than 100 wealthy citizens who had evaded taxes by hiding funds in the accounts of the Swiss unit of HSBC Holdings Plc. As has been reported in media; and

(b) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No Sir.

(b) Does not arise in view of reply to part (a) above.