

Smuggling of gold

*399.DR. JANARDHAN WAGHMARE: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that smuggling of gold in the past few months has reached an alarming rate;

(b) if so, the details of steps taken by Government on illegal shipments of the precious metal;

(c) whether Government proposes to put more restrictions on the import of gold;

(d) if so, the details thereof; and

(e) the details of other steps Government proposes to take to bring down the prices of yellow metal in the country?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) The value of gold seized by customs formations at the international borders during the period (April-October, 2012) is Rs. 50.02 Crores *vis-a-vis* seizure of gold valued at Rs. 15.81 Crores during the corresponding period in the year 2011. Cases of gold seizure during the year 2012 include seizure of gold jewellery made from the passengers arriving from abroad and gold seized from importers for misuse of provisions of Free Trade Agreement for contravention of provisions of Customs Act, 1962. Department has issued instructions to all field formations to maintain increased vigil so as to curb smuggling of gold along International borders and to keep a close watch on the trends of smuggling of gold. Specific Modus Operandi Circular has also been issued alerting the field formations against smuggling of plain unbranded gold jewellery by misusing provisions of Free Trade Agreement.

(c) and (d) No, Sir. Government has already taken number of measures to restrict import of gold. Presently, the import of gold is allowed only through few agencies nominated by the government and notified by Directorate General of Foreign Trade (DGFT) in consultation with the Department of Economic Affairs (DEA) and Reserve Bank of India (RBI). The tariff value of gold has been fixed since 16.01.2012 and the rates of duty on standard gold and non-standard gold have been changed from specific rate of duty to ad valorem rate of duty of 2% and 5% respectively. With effect from 17.03.2012, these rates have been enhanced to 4% and 10% respectively. Further, with effect from 18.04.2012, the eligible

passengers are permitted to import, through baggage at concessional rate of duty, 1 kg of gold only instead of 10 kg permitted earlier.

(e) Recently, to bring down the prices of gold, RBI has advised banks not to grant advances for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of gold Exchange Traded Funds (ETF) and units of gold Mutual Funds except for genuine working capital requirements of jewellers.

Abolition of Estate Tax

*400. SHRI AVINASH PANDE: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that India had an Estate tax from 1953 to 1985;

(b) the reasons for its abolition; and

(c) whether Government plan to re-impose the tax again in the future?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Yes, Sir.

(b) The Estate duty was abolished for the following reasons:

(i) The contribution of estate duty to the Government revenues over the years had been insignificant.

(ii) Percentage of estate duty to gross tax revenue was steadily falling. It was 0.22 percent in 1972-73, 0.15 percent in 1975-76 and 0.13 percent in 1981-82.

(iii) The proceeds of estate duty were low despite an extremely progressive; rate schedule.

(iv) The cost of administration of the Estate Duty Act, 1953 and the cost of compliance to the tax payer was high.

(v) Both wealth-tax and estate duty laws were applicable to the property of a person, the former applying to his property before death and the latter after his death. The existence of two separate laws with reference to the same property was considered a burden on the taxpayers and the heirs of the deceased.

(c) There is no such proposal at present.
