Information of bank accounts in France

3008. SHRI NAND KUMAR SAI: Will the Minister of FINANCE be pleased to state:

(a) whether the Government of France has forwarded any information related to certain bank accounts of their banks to India in the recent past;

(b) if so, the details thereof;

(c) whether the information received is covered by the confidentiality clause under the Double Taxation Avoidance Convention (DTAC) between both the countries;

(d) if so, the details thereof and the manner in which Government proposes to utilize such information; and

(e) the status of investigations undertaken by various jurisdictional authorities of the country under the Income Tax Act, 1961?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) to (c) On request of the Central Government and persistent follow up in June, 2011, France has provided details of Indians having bank accounts in one of the banks of Switzerland, under the provisions of Double Taxation Avoidance Convention (DTAC) between India and France. The information received is protected by the confidentiality clause of the said DTAC. The information can only be used for the tax purposes specified therein.

(d) Based on the information received from the Government of France relating to certain bank accounts reportedly held by certain individuals/non-individuals in a foreign bank, investigations have been undertaken by different jurisdictional authorities under the Income-Tax Act, 1961.

(e) Investigations in the cases where information was received from France are under progress including with the foreign tax authorities to obtain more information with regard to the reported account holders. Investigations conducted in these cases have already led to detection of undisclosed income of about Rs. 565 crore and realization of taxes of about Rs. 181 crore.

Suggestion in FRBM Act

3009. DR. BHALCHANDRA MUNGEKAR: Will the Minister of FINANCE be pleased to state:

(a) to what extent Government has been able to actually realise the targets of fiscal deficit as suggested/stipulated in the Fiscal Responsibility and Budget Management (FRBM) Act during the last five years;

(b) if not, the conditions responsible in this regard; and

(c) if so, the whether Government is thinking to amend the FRBM Act?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) The FRBM ACT mandates the Central Government to reduce fiscal deficit steadily to not more than the 3 per cent of GDP in 2008-09. However, the actual fiscal deficit in last five years are as under:

Year	2007-08	2008-09	2009-10	2010-11	2011-12
Fiscal Deficit (% of GDP)	2.7	6.0	6.5	4.9	5.8

(b) The process of fiscal consolidation during the FRBM Act regime has created necessary fiscal space to undertake much needed social sector expenditure and provide for higher infrastructure outlays. Fiscal deficit was brought down from 4.5 per cent of GDP in 2003-04 to 2.7 per cent in 2007-08. The Government was steadfast in following the fiscal consolidation path. However, the counter cyclical measures taken by the Government to overcome the effects of the global slowdown in 2008-09 and 2009-10 resulted in short fall in revenue and substantial increases in Government expenditure. This was a part of Government's policy initiative based on the principle of insulating the vulnerable sections of the society and sectors of the economy from the adverse impact of the economic downturn and at the same time ensure revival of the economy with higher growth. Accordingly, fiscal deficit in 2008-09 went up to 6.0 per cent of GDP. The Government has reverted to the path of fiscal consolidation with gradual exit from the expansionary measures in a calibrated manner. The reduction in fiscal deficit from 5.9 per cent of GDP estimated in RE 2011-12 to 5.1 per cent of GDP in BE 2012-13 is designed with a mix of reduction in total expenditure as percentage of GDP and improvement in gross tax revenue as percentage of GDP.

(c) Fiscal Responsibility and Budget Management Act, 2003 has already been amended in the current year. Rules under the Amended Act, setting the target for fiscal deficit are to be notified. However, Government has announced Roadmap for Fiscal Consolidation for the Plan period 2012-13 to 2016-17 with following fiscal deficit targets:

Year	2012-13	2013-14	2014-15	2015-16	2016-17
Fiscal Deficit (% of GDP)	5.3	4.8	4.2	3.6	3.0

Restriction of uncontrolled import of gold

3010. DR. BHALCHANDRA MUNGEKAR: Will the Minister of FINANCE be pleased to state:

(a) the steps that the Ministry would like to adopt to restrict the uncontrolled import of gold in the country; and

(b) to what extent such import of gold is responsible, for widening the current account deficit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Keeping in view the attendant impact of the sharp increase in gold imports on the current account deficit, the Union Government in the Budget for 2012-13 further increased basic customs duty on standard (99.5 purity) gold imports from 2 per cent to 4 per cent and on non-standard gold from 5 per cent to 10 per cent. Non Banking Financial Companies (NBFCs) that are predominantly engaged in lending against collateral of gold jewellery have recorded significant growth in recent years, both in terms of their balance sheet size and physical presence. Certain prudential measures were taken on account of regulatory concerns, given the rapid pace of their business growth and the nature of their business model which has inherent concentration risk. The measures include a loan-to-value (LTV) ratio not exceeding 60 per cent for loans against collateral of gold jewellery and a minimum Tier 1 capital of 12 per cent by April 1, 2014. It has been stipulated that NBFCs should not grant any advance against bullion/primary gold and gold coins. Banks were advised to reduce their regulatory exposure ceiling in a single NBFC, having gold loans to the extent of 50 per cent or more of its total financial assets, from the existing 10 per cent to 7.5 per cent of bank's capital funds. However, exposure ceiling may go up by 5 per cent, i.e., up to 12.5 per cent of bank's capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector; and (ii) banks should have an internal sub-limit on their aggregate exposure to all such NBFCs, having gold loans to the extent of 50 per cent or more of their total financial assets, taken together.

(b) According to DGCI&S data, gold imports in US $ terms grew significantly in the preceding four years (2008-09 to 2011-12). The imports during the first quarter of 2012-13 (given in the following Table) were lower than of the