

- (iv) the investee company is a listed company on a recognized overseas exchange and its shares are frequently traded; and
 - (v) the transfer of share or interest in a foreign company or entity results due to reorganization within a group.
- (8) As shares of a foreign company having underlying assets in India are deemed to be situated in India under Explanation 5 to section 9(1)(i) of the Act, this has led to an unintended consequence of taxation of income in the form of dividend arising from such shares. It may, therefore, be clarified that dividend paid by a foreign company shall not be deemed to accrue or arise in India under section 9(1)(i) read with Explanation 5.
- (9) In order to provide certainty to foreign investors, it may be clarified that, where capital gains arising to a non-resident on account of transfer of shares or interest in a foreign company or entity are taxable under section 9(1)(i) of the Act and there is a DTAA with the country of residence of the non-resident, then such capital gains shall not be taxable in India unless:—
- (i) the DTAA provides a right of taxation of capital gains to India based on its domestic law; or
 - (ii) the DTAA specifically provides right of taxation to India on transfer of shares or interest of a foreign company or entity.

The aforesaid recommendations may be carried out through amendment of the Income-tax Act, 1961 or Income-tax Rules, 1962 or by way of an explanatory circular, as appropriate in law. The explanatory circular may also include various observations and interpretations made by the Committee while analyzing the retrospective amendments.

The Committee believes that such measures should allay the apprehensions of taxpayers and yet protect the tax base from erosion on account of indirect transfer of underlying assets in India.

NPA of all Nationalised banks

45. SHRI RAM KRIPAL YADAV: Will the Minister of FINANCE be pleased to state:

- (a) the amount that is under NPA (Non-Productive Assets) of all Nationalised banks in financial years 2011-12, 2010-11 and 2009-10;

(b) the amount that is under NPA of all Nationalised banks in six months ending period of financial year 2012-13;

(c) whether it is fact that there is increase in NPA during these six months of 2012-13; and

(d) the reasons for the same and corrective steps have been taken by Government banks so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) The details of Gross Non-Performing Assets (NPAs) of Nationalised Banks for the years 2009-10, 2010-11, 2011-12 and 2012-13 (as on September, 2012) are as under:—

Gross NPAs of Nationalised Banks

(Amount in Rs. crore)

2009-10	2010-11	2011-12	2012-13 (as on September, 2012)
35462	42940	66795	87562

(d) The main reasons for increase in NPAs are prevailing macro-economic situation in the country and continuing impact of switch over to system driven NPA.

To improve the health of financial sector, to reduce the NPAs, to improve asset quality of banks and to prevent slippages, Reserve Bank of India (RBI) has issued instructions that each bank is required to have a loan recovery policy which sets down the manner of recovery of dues, targeted level of reduction (period-wise), norms for permitted sacrifice/waiver, factors to be taken into account before considering waivers, decision levels, reporting to higher authorities and monitoring of write-off/waiver cases.

Banks are required to monitor their NPAs and take steps to bring them down through recovery/other channels. Reserve Bank of India also monitors the NPA levels in banks. This aspect is reviewed during Annual Financial Inspections of banks and monitored on an ongoing basis through regulatory returns submitted by banks and periodical meetings with banks.

The Government has advised Public Sector Banks to take a number of new initiatives to increase the pace of recovery and manage NPAs, which include

appointment of Nodal officers for recovery, to conduct special drives for recovery of loss assets, to put in place early warning system, to replace system of post dated cheques with Electronic Clearance System (ECS).

Waive off agricultural loans of farmers

†46. SHRI DARSHAN SINGH YADAV: Will the Minister of FINANCE be pleased to state:

- (a) whether there is any proposal or scheme to waive off agricultural loans of farmers of the country taken from Nationalised banks;
- (b) if not, the reasons therefor; and
- (c) the quantum of due amount of agricultural loan of farmers so far to Nationalised banks, State-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) No Sir, no such proposal is under consideration.

(b) The Government of India has implemented Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008. Under the scheme Rs. 52,275.55 crore has been released by the Government through RBI and NABARD to give benefit to 3.45 crore farmers.

(c) This data is not centrally maintained.

Measures to check inflation of Indian currency

†47. SHRI DARSHAN SINGH YADAV: Will the Minister of FINANCE be pleased to state:

- (a) whether Government proposes or likely to adopt required measures to check continuous inflation of Indian currency;
- (b) if so, the details thereof as on date; and
- (c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) The decline in the value of rupee since August, 2011 has been due to widening of trade and current account deficit and slowdown in portfolio

†Original notice of the question was received in Hindi.