

**Proposal to enhance deposit insurance ceiling limits**

835. SHRI BHARATSINH PRABHATSINH PARMAR:

SHRI PARSHOTTAM KHODABHAI RUPALA:

SHRI MANSUKH L. MANDAVIYA:

Will the Minister of FINANCE be pleased to state:

(a) the action taken by Reserve Bank of India (RBI) for necessary amendment in Deposit Insurance and Credit Guarantee Corporation (DICGC) Act to provide insurance benefits to depositors of cooperative credit societies as on date;

(b) how much and by when deposit insurance ceiling limit will be enhanced from the existing deposit insurance ceiling limit of Rs. 1.00 lakh;

(c) whether State Governments have approached RBI to enhance deposit insurance ceiling limits; and

(d) if so, what further action has been taken in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Presently there is no proposal to provide insurance benefits to the depositors of the Co-Operative Credit Societies under the Deposit Insurance and Credit Guarantee Corporation (DICGC) Act, 1961.

(b) to (d) The Government and the DICGC in the Reserve Bank of India (RBI) have received certain requests regarding increase in the deposit insurance coverage limit from Members of Parliament of certain States. The Government has since approved the proposal of the Deposit Insurance and Credit Guarantee Corporation (DICGC) for increase in the deposit insurance coverage limit from Rs. 1 lakh to Rs. 2 lakh and introduction of risk-based premium for deposit insurance. However, DICGC has been advised to move to fully risk-based premium over a period of 3 years to moderate hike in the premium.

**Investigation into undervalue share sales by companies to their parent organisation**

836. SHRI JAI PRAKASH NARAYAN SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that companies like Vodafone, Shell, Nokia, IBM and Hewlett-Packard are having conflict with Income-Tax Department on the issue of undervaluing share sales to parent companies;

(b) if so, the details of tax problems being faced by above companies with I.T. Department, company-wise;

(c) whether I.T. Department is harassing the companies even after the shares issuances were in accordance with the terms of foreign investment policy, applicable corporate and related laws; and

(d) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Out of these five companies, Transfer Pricing adjustment has been made in the case of M/s. Shell India Markets Private Limited and M/s. Vodafone India Services Private Limited for assessment year 2009-10, under section 92 CA of the Income- tax Act, 1961 (the Act) on the issue of undervaluation of shares transferred to their associated enterprises (AE). The Assessment Orders are yet to be passed in these cases.

(b) In case of M/s Shell India Markets Private Limited and M/s Vodafone India Services Private Limited, Transfer Pricing Officers (TPOs) have held that these companies have transferred shares to their respective AEs at price below fair market value of shares. Accordingly, TPOs determined arm's length prices in accordance with the provisions of the Act as per following details:

- In the case of M/s Shell India Markets Private Limited, as against the rate of Rs. 10/- per share adopted by the assessee on 87.64 crore number of shares transferred to its AE based in Netherlands, the TPO worked out the arm's length rate of Rs. 183.44 per share, at market price in accordance with the provisions of the Act, leading to adjustment of Rs. 15201 crore on account of undervaluation of shares.
- In the case of M/s Vodafone India Services Private Limited, as against the rate of Rs. 8509/- per share adopted by the assessee on 2.89 lacs number of shares transferred, the TPO worked out the arm's length price at Rs. 53,775/- per share, leading to adjustment of Rs. 1308.91 crore on account of undervaluation of shares.

(c) and (d) No, Sir. The adjustments on account of undervaluation of shares have been made in accordance with the provisions contained in chapter X of the Income tax Act, 1961.