

Recovery of black money from Switzerland

3158. SHRI NANDI YELLAIAH: Will the Minister of FINANCE be pleased to state:

(a) the details of action taken so far leading to successful response from Swiss Banks in getting the details of black money as required by the Central Government;

(b) the total expected amount in Indian currency held by Indians in Swiss Banks subject to scrutiny by the Central Government; and

(c) the probable benefits Government could have after release of the figures of black money amount held by Indians in Swiss Banks as required by the Central Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) The Government has taken various steps in this direction under a multi-pronged strategy which includes creating an appropriate legislative framework; setting up institutions to deal with illicit funds; developing systems for implementation; imparting skills to the manpower for effective action; and joining the Global crusade against black money. India has been renegotiating its DTAAAs with other countries to bring the Article on Exchange of Information to International standards, and has also been expanding its treaty network by signing new DTAAAs with many other countries and by entering into TIEAs with many tax jurisdictions in its effort to facilitate the exchange of information and to bring in tax transparency. Further, India has concluded negotiation of Protocol amending the Agreement and Protocol between the Government of Republic of India and the Swiss Confederation for the avoidance of Double Taxation with respect to Taxes on Income (Amending Protocol). This Amending Protocol was signed at New Delhi on 30th August, 2010. This Amending Protocol has entered into force on 7th October, 2011. The new provisions of the exchange of information allow exchange of banking information in specific cases, that relate to fiscal year beginning on or after 1st April, 2011.

(b) and (c) No official estimate is available on the amount of Indian currency held by Indians in Swiss Banks.

Trade of foreign exchange by NBFCs

3159. SHRI T.K. RANGARAJAN: Will the Minister of FINANCE be pleased to state:

- (a) whether non-banking financial companies (NBFCs) are allowed to trade in foreign exchange;
- (b) if so, under what provisions; and
- (c) whether any limit on such trading has been imposed?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) Yes, Sir. Non-Banking Financial Companies (NBFCs) are eligible to apply for Authorised Dealer (AD) Category-II, AD Category-III and Full Fledged Money Changers (FFMC) licence to undertake foreign exchange transactions as per eligibility norms under Section 10(1) of Foreign Exchange Management Act, 1999. The Reserve Bank of India (RBI) has powers under the above Act to authorise any person to be known as Authorized Person to deal in foreign exchange or in foreign securities as an authorised dealer, money changer or offshore banking unit or in any other manner as it deems fit. The eligibility criteria and permitted activities for these entities are as under:

- (i) Authorised Dealer Category-I: An entity should have a banking licence in India from RBI and should have adequate infrastructure, experienced manpower and sound risk management with necessary systems for Know Your Customer (KYC)/Anti-Money Laundering (AML). Authorised Dealer Category-I entities are permitted to undertake all current and capital account transactions.
- (ii) Authorised Dealer Category-II: Certain Full Fledged Money Changers (as stated below) having Net Owned Fund (NOF) of Rs.10 crores with good track record, select Urban Cooperative Banks and select Regional Rural Banks are eligible to apply for AD Category-II licence. In addition to activities undertaken by FFMCs, ADs Category-II are allowed to undertake specified non-trade current account transactions.
- (iii) Authorised Dealer Category-III: Select financial and other institutions undertaking international factoring services can apply for the licence and can undertake transactions incidental to their own foreign exchange activities.
- (iv) Full Fledged Money Changers: An entity registered under Companies Act 1956 with Net Owned Funds of Rs.25 lakh can apply to RBI for FFMC licence. These FFMCs are permitted to purchase foreign exchange and sell foreign exchange to residents for private and business visits.

As regards trading in foreign exchange it may be mentioned that residents are permitted to trade only in currency futures and options contracts, traded on the stock exchanges recognised by the Securities and Exchange Board of India (SEBI) in India, subject to the conditions specified by the RBI from time to time.

The gross open positions of the client across all contracts should not exceed 6% of the total open interest or 10 million USD, whichever is higher. The gross open positions of the trading member across all contracts should not exceed 15% of the total open interest or 50 million USD, whichever is higher.

Bank Account Portability

3160. SHRI BALWINDER SINGH BHUNDER: Will the Minister of FINANCE be pleased to state:

- (a) whether bank account portability was under examination of Government;
- (b) whether a panel of RBI has not found the bank account portability feasible;
- (c) if so, the reasons therefor;
- (d) whether the view of public sector and private banks were taken in this regard; and
- (e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (e) The Committee on Customer Service in Banks constituted by the Reserve Bank of India (RBI) under the Chairmanship of Shri M. Damodaran, had recommended intra-bank Account Number Portability stating that the customer should also be allowed to maintain the same account number in a bank even when he/she moves to another city or shifts his account to another branch in the same city. This recommendation has been accepted by the Indian Banks Association for implementation and RBI issued guidelines in this regard vide a circular dated April 27, 2012 whereby the banks have been advised that opening of fresh account and the Know Your Customer (KYC) fulfillment at another branch of the same bank is not required if full KYC was already done. Further, in order to safeguard the interest of the banks and the customers, RBI has advised banks for allotting Unique Customer Identification Code (UCIC) to all their individual customers in a time-bound manner.