

Status of SIT investigation on black money

1035. SHRI K. RAHMAN KHAN: Will the Minister of FINANCE be pleased to state:

- (a) what is the estimated amount of black money stashed in foreign banks;
- (b) what is the current status of investigation being conducted by SIT; and
- (c) what are the details of findings of SIT, if any?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) There is no official estimation of the amount of black money stashed in foreign banks.

(b) and (c) Investigations into cases involving substantial unaccounted income, particularly black money stashed abroad, are being extensively and intensively monitored by the Special Investigation Team (SIT) on Black Money. Such monitoring by the SIT includes investigation into specific cases as also the larger issues concerning legal and administrative framework to curb the black money, particularly the black money stashed away abroad. Appropriate action is taken on the directions/recommendations issued by the SIT from time to time.

The SIT submits its reports to the Hon'ble Supreme Court. Such reports include the progress made in investigations in specific cases monitored by the SIT, which are not put in public domain. Besides, the SIT has so far submitted four reports, *inter alia*, recommending the following:

- (i) There should be institutional mechanism through a dedicated set up which examine mismatch between export/import data with corresponding import/export data of other countries on at least a quarterly, if not monthly basis.
- (ii) To make declaring PAN mandatory for all sales, where payment is in cash or through bank, above a value of ₹ One lakh.
- (iii) To control holding of unaccounted money to a large extent, a threshold cash holding limit of ₹ 10 lakhs or 15 lakhs should be prescribed.
- (iv) To make tax crime as a predicate offence.
- (v) FEMA should be amended to provide for seizure and confiscation of property of equivalent value within the country, if it is held that property held abroad is in violation of section 4 of FEMA.

- (vi) FIU should have access to widest possible range of financial, administrative and law enforcement information.
- (vii) SEBI needs to have an effective monitoring mechanism to study unusual rise of stock prices of Companies and misuse of exemption on Long Term Capital gains tax for money laundering.
- (viii) SEBI needs to examine misuse of Participatory notes for money laundering and come up with regulations where the “final beneficial owners” of P notes/ ODIs are known. The information of “beneficial owner” with SEBI should be in form of individual whose KYC information is known to SEBI.
- (ix) P notes are transferable in nature. SEBI needs to examine if this provision of allowing transferring of P notes is in any way beneficial for easing foreign investment. Any investor wanting to invest through P notes can always invest afresh through a Foreign Portfolio Investor (FPI) instead of buying from a P note holder.
- (x) Proactive detection of creation of shell companies.
- (xi) All cases of Trade based money laundering detected by DRI where violation of section 132 of Customs Act, above the threshold provided for in Part B of Schedule of PMLA has been found, must be shared by DRI with the Enforcement Directorate to enable ED to take action under Prevention of Money Laundering Act.
- (xii) Generation of black money in education sector and through donations to religious institutions and charities must be curbed. CBDT should take appropriate action for expeditious finalization of the assessment, if required, punitive action may be taken.
- (xiii) There is a necessity for establishment of additional Courts for deciding the pending cases under the Income Tax Act, 1961.
- (xiv) A central KYC Registry should be established with all law enforcement agencies, Registrar of Companies and financial institutions having access to its database.
- (xv) Ministry of Commerce issue necessary notification under section 20, 21 and 22 of the SEZ Act empowering DRI to carry out investigation, inspection, search or seizure in the Special Economic Zone or Unit without prior intimation or approval of the Development Commissioner.