

[17 August, 2004]

RAJYA SABHA

7. Annapurna Sridhar
8. Anjanaya Traders Pvt. Ltd.
9. Chiranjeevi Traders Pvt. Ltd.
10. Gajanan Financial Services Pvt. Ltd.
11. Gajmukh Investments Pvt. Ltd.
12. Kadrish Finance & Investments Pvt. Ltd.
13. Bombay Mahalakshmi Traders Pvt. Ltd.

An interim order dated 31.12.2002 under section 11B of SEBI Act, 1992 was passed directing these 13 promoter group entities and other entities not to buy, sell or transfer, pledge or dispose off or deal in any other manner in the shares of Global Trust Bank (GTB) either directly or indirectly till the investigations were completed. The said entities were offered a post decisional hearing on February 3 and 4, 2003. An order was passed against the promoters and associates of GTB confirming the order dated December 31, 2002 on June 13, 2003. Further, a final order has been passed against these entities prohibiting them from dealing in securities of GTB for a period of 18 months with effect from December 31, 2002 vide the abovementioned order dated March 23, 2004.

(c) The bank submitted a proposal on 17th May, 2004 to Reserve Bank of India from New Bridge Capital Ltd. a company based in Cayman Island for investment in GTB. However, the proposal was not acceptable to Reserve Bank of India on account of regulatory concessions and prudential forbearance as also foreign jurisdiction sought for dispute resolution. The performance of the bank has deteriorated considerably on major parameters since March 31, 2001 instead of improvement in the functioning.

Evasion of Service Tax

1360. SHRI SUDARSHAN AKARAPU: Will the Minister of FINANCE be pleased to state:

- (a) whether government are aware that there is huge revenue leakage on account of evasion of service tax by several professionals and traders;
- (b) if so, what is the estimated revenue loss to the exchequer,

(c) whether CBEC has conducted any survey to assess the revenue loss in this regard; and

(d) if so, what steps Government propose to take to plug the loopholes and augment tax revenue?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Few cases to Tax evasion by the 'service providers have been detected.

(b) There has been no loss of revenue to the exchequer as the evasion was detected and action as provided in law to recover the tax evaded initiated.

(c) No such survey has been conducted by CBEC. Anti evasion measures are undertaken at the field level by the jurisdictional officers.

(d) Service tax is a tax, which is implemented on the principles of voluntary compliance on behalf of Service providers. This approach of implementation requires creation of awareness amongst the tax payers about their liabilities in law with regards to Service Tax. Department has taken various measures as detailed below to create awareness and ensure compliance.

Wide publicity by advertisements in print and electronic media.

Pamphlets & booklets containing details of law and procedures with regards to service tax have been made available to all concerned.

Regular meetings and seminars are organized by the department to educate the traders and trade associations.

Awareness programme & registration melas have been organized to register more and more of the service providers.

Extensive street-to-street survey was undertaken by the department during the month of February & March, 2004 to identify and register the service providers.

Director General Central Excise intelligence has been notified as proper officer for investigation of the matters relating to Service Tax.