

As part of enforcement measures, the Income Tax Department (ITD) conducted searches in 990 groups of assesseees during last 2 years (F.Ys. 2014-15 and 2015-16), seizing undisclosed assets worth ₹ 1,474 crore. These assesseees admitted undisclosed income of ₹ 21,354 crore. During the same period, 9,457 surveys conducted resulted in detection of undisclosed income of ₹ 22,475 crore. Further, there has been significant rise in criminal prosecutions filed by the Income Tax Department in last 2 years and number of cases where prosecution complaints were filed and offences were compounded during F.Ys. 2014-15 and 2015-16 is 3,140 as against 1,690 during F.Ys. 2012-13 and 2013-14.

Stressed asset fund for curbing NPAs

237. SHRIMATI RENUKA CHOWDHURY: Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to set up a Stressed Asset Fund to fight NPAs of Public Sector Banks ;

(b) if so, the details thereof; and

(c) the steps taken by Government to evolve an efficient resolution and recovery process for the Public Sector Banks affected by burgeoning NPAs?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SANTOSH KUMAR GANGWAR): (a) and (b) No. However, Indian Banks' Association (IBA) had taken up with Reserve Bank of India (RBI) regarding creation of Special Situation Fund (SSF) to provide a viable solution for the stressed accounts with an objective to:

- (i) Take-over viable assets from the lenders and guide the management of the company to make the company economically viable.
- (ii) Provide priority debt/equity for working capital or for project completion for companies that may not fully be held by them.

In response RBI has informed IBA that banks may set up two different funds viz. Stressed Assets Equity Fund (SAEF) and Stressed Asset Lending Fund (SALF) instead of one Special Situation Fund.

(c) The Government has taken specific measures to address issues in sectors such as Infrastructure (Power, Roads etc.), Steel and Textiles, where incidence of NPAs is high. The Government has also approved establishment of six (6) new Debt Recovery Tribunals (DRTs), to speed up the recovery of bad loans of the banking sector, in addition to existing thirty three. Reserve Bank of India (RBI) has also undertaken steps which include (i) Formation of Joint Lenders' Forum (JLF) for revitalizing stressed assets in the system, (ii) Flexible Structuring for long term project loans to

Infrastructure and Core Industries, and (iii) Strategic Debt Restructuring (SDR) Scheme. (iv) Scheme for Sustainable Structuring of Stressed Assets (S4A). The Government has recently issued advisory to banks to take action against guarantors in event of default by borrower under relevant sections of SARFAESI Act, Indian Contract Act and RDDB and FI Act, since in the event of default, the liability of the guarantor is co-extensive with the borrower.

**Decrease recommended in share of Central pool of taxes for
Tamil Nadu by Fourteenth Finance Commission**

238. SHRI T. RATHINAVEL: Will the Minister of FINANCE be pleased to state:

(a) whether Fourteenth Finance Commission has recommended a substantial enhancement in the share of States in the divisible pool of Central Taxes from 32 per cent to 42 per cent;

(b) whether, as against 4.969 per cent share in the divisible pool of Central Taxes recommended by Thirteenth Finance Commission, Tamil Nadu's share came down to 4.023 per cent in the Fourteenth Finance recommendations; and

(c) whether the unbalanced formula adopted by the Fourteenth Finance Commission treated Tamil Nadu most adversely?

THE MINISTER OF FINANCE (SHRI ARUN JAITLEY): (a) and (b) Yes, Sir.

(c) The Fourteenth Finance Commission (FFC) in its report had stated that while determining the *inter-se* share of the States, the basic aim of Finance Commissions had been to correct the differentials in revenue raising capacity and expenditure needs of States, taking into account the cost disability factors to the extent possible. Further, the Commission had the view that the devolution formula should continue to be defined in such a way that it attempts to mitigate the impact of the differences in fiscal capacity and cost disability among States. While doing so, Commission had kept in view the approaches suggested by the States for horizontal distribution. Accordingly, Commission had decided following criteria and weights assigned for *inter-se* determination of the Shares of taxes for the States:-

Criteria	Weight (Per Cent)
Population	17.5
Demographic Change	10
Income Distance	50
Area	15
Forest Cover	7.5