

WRITTEN ANSWERS TO STARRED QUESTIONS**Action against hoarding of high value notes**

*16. DR. L. HANUMANTHAIHAH: Will the Minister of FINANCE be pleased to state:

(a) whether any action has been taken by Government to tackle the easy hoarding of high value notes like ₹ 2000 notes in view of the fact that the high value notes create huge risk of unaccounted cash; and

(b) if so, the details thereof?

THE MINISTER OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) and (b) The Income Tax Department (ITD) takes necessary action against the unaccounted cash transactions and undisclosed cash holdings. Any unaccounted cash transaction/holding is subjected to appropriate actions as per the provisions of the Income Tax Act, 1961, irrespective of the denomination of the currency. Further, to discourage unaccounted cash transactions, the Government has brought in a large number of legislative provisions in the Income Tax Act, 1961 (subsequently referred to as 'the Act'). Some of the recent measures to discourage cash transactions are as under:

- (i) In order to facilitate the digitalization of the economy, Finance (No.2) Act, 2019 introduced Section 269SU w.e.f. 01/11/2019 in the Act to provide that every person, carrying on business, shall, provide facility for accepting payment through the prescribed electronic modes, in addition to the facility for other electronic modes, of payment, if any, being provided by such person, if his total sales, turnover or gross receipts in business exceeds fifty crore rupees during the immediately preceding previous year.
- (ii) In order to discourage cash transactions a new section 194N has been inserted in the Act *vide* Finance (No.2) Act, 2019 w.e.f. 01/09/2019 to provide for levy of TDS @ 2% on the amount of cash withdrawal by a person in excess of ₹ 1 crore from a bank account subject to certain exemptions.
- (iii) The existing threshold of cash payment under section 40A(3) of the Act has been reduced from ₹ 20,000 to ₹ 10,000 in a single day, *i.e.*, any payment in cash above ten thousand rupees to a person in a day, shall not be allowed as deduction in computation of Income from "Profits and gains of business or profession".

- (iv) A new section 269ST has been inserted in the Act to prohibit cash receipt of rupees two lakh or more. Further, in order to enforce this restriction on cash transactions, a new section 271 DA has been inserted in the Act so to provide that if a person contravenes the provisions of section 269ST, he shall be liable to pay penalty of a sum equal to the amount of such receipt.
- (v) The limit of cash donation to charitable organization has been reduced from ten thousand to two thousand.
- (vi) The existing rate of deemed profit under section 44AD of the Act has been reduced from 8% to 6% in respect of the amount of total turnover or gross receipts received through banking channel / digital means.
- (vii) Section 269SS of the Income Tax Act, 1961 prohibits a taxpayer from taking/ accepting loans or deposits or a sum of more than ₹ 20,000 in cash. In order to expand the scope of section 269SS and section 269T of the Act an amendment has been made so as to cover payment/advance in relation to transfer of immovable property under said sections.
- (viii) To bring transparency in the source of funding to political parties the provisions of section 13A of the Act have been amended to *inter alia* provide that no donations of ₹ 2000/- or more shall be received otherwise than by an account payee cheque drawn on a bank or an account payees bank draft or use of electronic clearing system through a bank account or through electoral bonds.
- (ix) Amendment of section 43(1) and section 35AD of the Act has been made to limit the capital expenditure in cash at ₹ 10,000 for claiming depreciation or investment linked allowance.
- (x) Amendment of rule 114E of the Income-tax Rules, 1962 has been done to capture more cash transactions and reporting entities in Statement of Financial transactions (SFT) framework.
- (xi) The quoting of PAN has been made mandatory in respect of various cash transaction as specified under rule 114B of the Income-tax Rules, 1962.

The Income Tax Department also carries out enforcement actions in suitable cases involving unaccounted income and assets, including unaccounted cash holdings. An

analysis of the search cases involving cash seizures of more than ₹ 5 crores in the last three Financial Years has been carried out. This analysis reveals that the percentage of unaccounted cash seized in denomination of ₹ 2000, out of the total cash seized is 67.91%, 65.93% and 43.22% in Financial Years 2017-18, 2018-19 and the current financial year till date, respectively. Thus, a declining trend is visible in the seizure of unaccounted cash in denomination of ₹ 2000 notes.

PMC Bank loan to HDIL company

†*17. SHRI MOTILAL VORA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that loan worth ₹2500 crore was given by Punjab and Maharashtra Cooperative (PMC) Bank to HDIL company which was not repaid;

(b) whether it is also a fact that this was not communicated to Reserve Bank of India (RBI) by PMC Bank;

(c) whether even after the loan amount was not repaid by HDIL company to PMC Bank, its owner was given a loan worth of ₹ 96.5 crore yet again; and

(d) if so, the action taken against the culprits?

THE MINISTER OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) to (d) Reserve Bank of India (RBI) has reported that during the current inspection, PMC bank has admitted to having a total exposure of ₹ 6226.01 crore (inclusive of interest accrued in the related accounts) as on March 31, 2019 of the HDIL group.

Out of total exposure of ₹ 6226.01 crore (inclusive of interest accrued in the related accounts) as on March 31, 2019 to the HDIL group, only ₹ 439.58 crore was disclosed to RBI and remaining ₹ 5786.43 crore was remained undisclosed.

As regard details of loan given to HDIL, RBI has informed that granular details are currently not available.

RBI has further stated that as this was a case of failure of management at the Board level, it was considered necessary to supersede the Board of Directors of the bank. Accordingly, Reserve Bank of India, in exercise of the powers conferred under sub-Section (1) and (2) of Section 36AAA read with Section 56 of the Banking Regulation Act, 1949, superseded the Board of Directors of the bank on September 23, 2019 and

†Original notice of the question was received in Hindi.