

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
STARRED QUESTION NO. *412

TO BE ANSWERED ON MONDAY, JULY 22, 2019/ASHADHA 31, 1941 (SAKA)

FUGITIVE ECONOMIC OFFENDERS

QUESTION

***412 SHRI GAJANAN CHANDRAKANT KIRTIKAR AND SHRI SUDHEER GUPTA:**

Will the Minister of FINANCE be pleased to state:

(a) whether India has called for a combined strategy crackdown on fugitive economic offenders to deny safe haven to such individuals in a joint statement in G-20 Meet;

(b) if so, the details thereof and the response of the other Members of G-20 countries in this regard;

(c) whether as per Swiss National Bank recent data, black money stashed by Indians and enterprises in Swiss Banks including through India-based branches fell by 6 percent in 2018 to hit its second lowest level in more than two decades;

(d) if so, the details thereof along with the steps taken by the Government in this regard so far;

(e) whether the Government has pitched for co-operation among different countries of the world to fight corruption and ensure a corruption free world and if so, the details thereof; and

(f) the other steps taken by the Government to crack down on black money and bring back the fugitive economic offenders to the country?

ANSWER

**MINISTER OF FINANCE
(SMT. NIRMALA SITHARAMAN)**

(a) to (f): A statement is placed on the table of the House.

Statement placed on the Table of Lok Sabha in reply to parts (a) to (f) of the Lok Sabha Starred Question No.*412 (Position No. 12) to be answered on Monday, the 22nd July, 2019 regarding FUGITIVE ECONOMIC OFFENDERS, by SHRI GAJANAN KIRTIKAR, Member of Parliament and SHRI SUDHEER GUPTA, Member of Parliament.

(a) & (b):

During the G20 Argentine Presidency (2018), India proposed consideration of matters concerning dealing with Fugitive Economic Offenders by the G20 and take a coordinated approach to address this serious issue. As a result of India's strong stand and persuasion in communique negotiation before and during the Buenos Aires Summit held on 30th November- 1st December 2018, G20 members agreed on the subject and the Leaders mandated G20 members to explore the links between corruption and economic crime. During this Summit, India also presented a 9-point agenda on action against Fugitive Economic Offenders which proposed strong and active cooperation among the G20 member countries to deal comprehensively and efficiently with the menace of such offenders. The G20 Japanese Presidency has tasked the Organisation for Economic Co-operation and Development (OECD) to do the scoping of issues connected with corruption, stolen property and return of such persons, including issues connected with economic offenders. Further, during the 14th G20 Summit held at Osaka, Japan on 28th -29th June 2019, G20 Leaders agreed to continue practical cooperation to fight corruption and reaffirmed their commitment to deny safe haven to persons sought for corruption and their proceeds of corruption consistent with G20 and international commitments and domestic legal systems.

(c) & (d):

There is no authentic estimate of black money stashed by Indians and enterprises in Swiss banks. Some recent media reports, however, say that deposits by Indians in Swiss banks, including through India-based branches, have reduced by nearly 6 per cent in 2018.

Government is taking persistent measures to detect and tax the unaccounted income and assets of Indians in Switzerland. Some of the steps taken are: (i) **Double Taxation Avoidance Agreement** which provides for exchange of information relevant to the administration or enforcement of the domestic laws between the two countries; (ii) **Automatic Exchange of Financial Account Information** under which India will receive the information of financial accounts held by Indian residents in Switzerland for 2018 and subsequent years, on an automatic basis beginning September, 2019.

Additionally, to enhance cooperation between the two countries in this area, bilateral meetings are held between the Competent Authorities of the two sides on regular basis.

(e) :

India has called for co-operation among different countries to fight corruption at various international fora such as G20 and BRICS. The G20 Leaders' Declaration adopted on conclusion of the G20 Summit in Osaka calls for commitment to play a leading role in the global efforts to prevent and fight against corruption. Leaders also agreed to renew commitment to pursue high level international cooperation between G20 members in the fight against corruption.

In the Joint Statement on BRICS Leaders' Informal Meeting on the margins of G20 Summit, BRICS members agreed to promote international anticorruption cooperation and strengthening of legal frameworks. The leaders of BRICS nations committed to fighting corruption and continue to foster integrity in the public and private sectors.

(f) :

The Government has taken several concrete steps to crack down on black money in and outside the country by introducing stringent laws. Recent major initiatives in this regard, include –

- i. Enactment of 'The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015' which has come into force w.e.f. 01.07.2015 to specifically and more effectively deal with the issue of black money stashed away abroad.
- ii. Enactment of the Benami Transactions (Prohibition) Amendment Act, 2016 to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of benami property and prosecution of benamidar and the beneficial owner.
- iii. The Government has brought in a large number of legislative provisions in the Income Tax Act, 1961 to effectively tackle the menace of black money, e.g. restriction on cash transaction of Rs. 2 lakh or more, no deduction under section 80G allowed if cash donation exceeds Rs. 2000, and restriction imposed on donations of Rs.2000/- or more to political parties otherwise than through a bank account or electoral bonds were imposed.
- iv. Constitution of the Special Investigation Team (SIT) on Black Money under Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court.
- v. Proactively engaging with foreign governments with a view to facilitate and enhance the exchange of information under Double Taxation Avoidance

Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Conventions,

- vi. Effective enforcement actions including expeditious investigation in foreign assets cases. Such actions include searches, surveys, enquiries, assessments of income, levy of taxes, penalties, etc. and filing of prosecution complaints in criminal courts, wherever applicable,
- vii. Extensive use of information technology and data analytics tools for identification of high-risk cases, expeditious e-verification of suspect cases and enforcement actions in appropriate cases
- viii. Mandatory linking of Aadhar with PAN, which will not only help in de-duplication of PAN but will also prevent potential tax frauds and money- laundering.

In order to lay down measures to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts, the Fugitive Economic Offenders Act, 2018 was passed by the Parliament which makes provisions for a Court ('Special Court' under the Prevention of Money-laundering Act, 2002) to declare a person as a Fugitive Economic Offender. It follows the non-conviction-based asset confiscation for corruption-related cases as per the provisions of United Nations Convention against Corruption (ratified by India in 2011). The FEO Act, inter-alia, provides for expeditious confiscation of proceeds of crime and properties or benami property owned by a fugitive economic offender in India or abroad with a view to make him submit to the jurisdiction of Courts in India.
