

India Rejuvenation Initiative

Press Release issued on 14th September, 2009

India Rejuvenation Initiative (IRI) is a purely non-political and social forum comprising of a few concerned and conscientious citizens working to check corruption and ensure probity in public life for the last three years. Today a day long National Workshop on **Forging a Public Movement for Recovery of India's Stolen Assets (Black Money) from Foreign Countries** was organized by IRI at IIC.

You are aware that several reports have appeared in the Press in the last one year or so suggesting that Indian nationals held \$1456 billion (about Rs.70 lakh crore) in secret Swiss Bank Accounts. It had also appeared in the Press that the USA, UK, Canada and Italy amongst others had earlier lodged formal requests with the German authorities for supply of details of their respective nationals who held secret accounts in Liechtenstein's LTG Bank.

In the light of the above, after detailed discussions, IRI sent three letters to the Prime Minister on November 14, 2008, March 25 and June 29, 2009 wherein Government of India was requested to consider taking the following steps as expeditiously as possible:

- The UN Convention against Corruption should be ratified immediately.
- A formal request should be lodged with the German authorities for supplying data relating to Indian nationals.
- Proceedings should be initiated thereafter to recover stolen assets, the enormous size of which has been indicated above.

In the meantime, UBS AG, Switzerland's largest bank, has entered into a deferred prosecution agreement with the Department of Justice, USA, paid a fine of \$780 million and agreed to provide the names of about 4450 account holders who are suspected to have fraudulently evaded taxes in the United States. Several other countries like the United Kingdom, France and Germany have also come out in the open against tax evaders who have been parking their ill-gotten funds in tax havens spread across the world. It is understood that Government of India have also received 53 names from Liechtenstein's LTG Bank but neither the names nor details of action taken by Indian Authorities have been made public. Recently, Swiss Authorities have also reportedly told Government of India that they are not going to give names if India just throws the Telephone Directory at them! It is strange

that despite Government being seized of the matter since 2008, it has, so far, not presented specific cases to them.

Recovery of India's public money from foreign countries especially Switzerland can go a long way in setting the country firmly on the road to becoming an economic superpower! For instance,

- recovery of this amount can wipe off India's total external debt of about \$222 billion
- meet full cost of world class physical infrastructure - roads, rail, airports, ports and power
- set up modern education and health infrastructure in the country
- meet full cost of urban renewal, and
- meet full costs of relocating and rebuilding 6 lakh modern villages having sewerage, piped water supply, electricity, pucca houses, schools, dispensaries etc.

After day long deliberations in the first National Workshop of its kind organized by India Rejuvenation Initiative (IRI), which was addressed, among several others, by Shri J.M.Lyngdoh (former Chief Election Commissioner), Shri Bhure Lal (former Secretary to Gol), Shri Javid Chowdhury (former Secretary to Gol), Shri J.F.Ribeiro (Former DGP, Punjab Police), Shri S.A.T.Rizvi (former Secretary to Gol) Air Chief Marshal S.Krishnaswamy (Retd.), Shri V.K.Shunglu (former CAG) Prof. Vaidyanathan (Prof. IIM), Shri B.R.Lal (Former DGP, Haryana), Shri Prashant Bhushan (Senior Advocate, SC), Prof.S.K.Dubey (former Director, IIT Kharagpur) it has been unanimously resolved that a vibrant public movement should be built to focus public attention on the systematic loot of public funds over the years and the urgent need to recover India's public money and take steps to control illicit flow of funds from India to foreign countries.

Towards this end, it was resolved that Government of India ought to take the following steps:

- i. **Strengthen the provisions under FEMA on the lines of those provided in the Prevention of Money Laundering Act and make offences under FEMA 'criminal offence'.**
- ii. **Renegotiation of the existing "Double Taxation Avoidance Agreement"**

- iii. To enter into Agreements and Treaties such as **Tax Information Exchange Agreements (TIEAs)**
- iv. **Immediately ratify the UN Convention against Corruption (UNCAC)**
- v. **Permissions to foreign financial institutions for setting up branches to operate in India should only be given subject to their firm commitment to cooperate in any of their global branches in the course of an investigation of fiscal offences in India.**
- vi. **Take the leadership of the group of Developing Countries in demanding transparency in financial transactions in foreign countries, in the course of investigation of domestic fiscal offences.**
- vii. **Enact Corrupt Public Servants (Forfeiture of Property) Act**
- viii. **Prescribe procedure for confiscation of benami property under Section 8 of the Benami Transaction Prohibition Act (BTPA), 1988.**
- ix. Immediately pass **The Public Interest Disclosure (Protection of Informers) Bill - 2009** after replacing the word 'Informer' with 'Whistleblower'
- x. **Withdraw such Income Tax exemptions under Sec.10A and 10B currently available to IT exports and other exports from EEZs which lead to siphoning of funds to foreign destinations.**
- xi. **Insistence on transparency in the beneficial ownership while allowing transactions in Promissory Notes (PNs)**
- xii. **Take steps to check use of 'black money' in the electoral process.**
- xiii. **The Law Enforcement Agencies viz. CBI, Enforcement Directorate, Investigative wing of CBI, Directorate of Revenue Intelligence, should perform their 'dharma' without any fear and take the cases whether it is Bofors or the one relating to Hasan Ali Khan, the big time Hawala dealer, to its logical conclusion and stop forthwith the practice of intentionally taking the investigation in a direction which is a dead end.**
- xiv. **Publish the names of individuals holding bank accounts in Leichtenstein sent by German Authorities**

Since recovery of India's stolen assets is important to our national pride, in case there is no visible 'forward' movement in this regard, steps will be taken to raise public awareness to the next level so that public pressure is brought to bear on both Government of India and foreign countries and particularly Swiss Government so that the country is able to recover its stolen assets and also control illicit flow of funds from India.

The Resolution of the Workshop will be forwarded to the Hon'ble Prime Minister, Union Finance Minister, Union External Affairs Minister, Union Law Minister, Chief Vigilance Commissioner and others for appropriate action. It will be our endeavour to see that the task of recovery of India's stolen assets is not placed on the backburner and this issue does not fade away from public memory. In this task, we recognize the stellar role that can be played by the media. We appeal to all sections of society to support this initiative.
