

Rs. 14.3 crores; Swiss credit Rs. 11.98 crores; second USA credit Rs. 23.81 crores.

**Shrimati Sarojini Mahishi:** Owing to the conditions laid down by the foreign countries and to the procedure to be gone through, has any amount completely lapsed during the Second Plan? What is the amount carried on to the Third Plan? .. (Interruptions).

**Mr. Speaker:** Next question.

#### Violation of Foreign Exchange Regulations

\*205. **Shri Hari Vishnu Kamath:** Will the Minister of Finance be pleased to refer to the reply given to Starred Question No. 131 on the 8th August, 1962 regarding inquiry into a violation of foreign exchange regulation case and state:

(a) whether the enquiries instituted by Government have been completed; and

(b) if so, with what result?

**The Deputy Minister in the Ministry of Finance (Shrimati Tarkeshwari Sinha):** (a) Yes, Sir.

(b) Enquiries made into the case did not establish a contravention of the Foreign Exchange Regulation Act.

**Shri Hari Vishnu Kamath:** I find from our Indian Hansard that this question has been hanging fire since November last and various questions were put at that time in May, during the first session of this third Lok Sabha. May I know who carried on the investigations in this matter and are there reasons to believe or is there any truth in certain reports to the effect that the unusual, almost unconscionable procrastination in this matter has given time to certain highly placed persons concerned to manipulate the situation to their own advantage?

**The Minister of Finance (Shri Morarji Desai):** All these inferences are wrong.

**Shri Hari Vishnu Kamath:** There is no answer to my question, Sir. That is no answer. I seek your protection.

**Mr. Speaker:** He always puts an involved question.

**Shri Hari Vishnu Kamath:** You could follow it; the Minister could not, apparently.

**Shri Morarji Desai:** I have followed it very well.

**Shri Hari Vishnu Kamath:** I seek your protection, Sir. I put a question as to who carried on the investigations. He said airily—he summarily dismissed it. (Interruption).

**Mr. Speaker:** If the hon. Member had put only that much, certainly it should have been answered straight—as to who carried on the investigation.

**Shri Hari Vishnu Kamath:** It is about the enquiry, the investigation.

**Shri Morarji Desai:** The director concerned.

**Shri Hari Vishnu Kamath:** It is not the answer to be given to the House. I am sorry to protest. There are so many directors in this proliferating Government of India. Who is the director concerned? We want to know who it is.

**Mr. Speaker:** Order, order. Shri Kamath must have some patience.

**Shri Hari Vishnu Kamath:** I have got Olympian patience.

**Mr. Speaker:** Does he want to know the name of the director?

**Shri Hari Vishnu Kamath:** What is the concerned department of the director

**Shri Morarji Desai:** The director in the Finance Ministry. The Director of Enforcement. It cannot be anybody else.

**Shri Hari Vishnu Kamath:** But you must say that.

**Mr. Speaker:** Order, order. I cannot allow this altercation direct. He must address me.

**Shri Hari Vishnu Kamath:** I am addressing you, Sir.

**Mr. Speaker:** He is a very seasoned Parliamentarian.

**Shri Hari Vishnu Kamath:** That is why I seek your protection every time. I have always been seeking your protection and drawing your attention.

**Shri Hem Barua:** May I know whether the accounts of Stahlunion & Co. of Calcutta and Alexander Marcus of England have been enquired into and whether it has been established that Shri Patnaik did not have any deposit with these foreign companies on his behalf?

**Shri Morarji Desai:** All these have been enquired into and the allegations have not been substantiated at all.

**Shri Ranga:** Would it be possible for the Government to place a summary of that report on the Table of the House?

**Shri Morarji Desai:** I am sorry I cannot do that.

**Shri Ranga:** On what grounds do the Government think that it would not be possible to place it on the Table of the House. It is such an important matter. On a previous occasion, when Shri Jain or somebody was involved in some such thing, the Government was quite willing to give plenty of information to the House.

**Mr. Speaker:** Order, order.

**Shri Hem Barua:** May I submit that on a previous occasion, when this question was put, I asked him specifically, "May I know whether the Government have examined the allegation made against Shri Patnaik to the effect that he borrowed some letter-heads, or his wife borrowed some letter-heads from Europe, had some letters typed, and unauthenticated letters . . . Then, he was pleased to say that "when the enquiry is going on how can it be answered?" Then, I said that a certain gentleman called Mr. D'Souza

was sent to Europe for enquiry and asked what has happened to that report of the officer.

**Mr. Speaker:** What is the point that he wants?

**Shri Hem Barua:** I want to have your protection, Sir. There are so many allegations against this gentleman. What has happened to these allegations made in the newspapers and about those on which I asked on the floor of the House?

**Mr. Speaker:** The answer is given that all those allegations have been enquired into and they have been found baseless. I understood that to be the answer.

**Shri Hem Barua:** We want the Finance Minister to be more specific.

**Shri Morarji Desai:** How can I be specific about unspecific things? That is what I want to say. (*Interruption*).

**Shri Hari Vishnu Kamath:** It was a specific question. He is unspecific.

**Shri Morarji Desai:** Let the hon. Member have some patience. I am explaining and why should he get into a temper? I do not know why. It only shows the prejudice with which the hon. Member is asking the questions. That is what I want to say.

**Shri Hari Vishnu Kamath:** You set the ball rolling. You gave a summary answer.

**Shri Surendranath Dwivedy:** Let him be a little more communicative.

**Shri Morarji Desai:** All the questions that were referred to have been enquired into—about the letter-heads and everything. Wherever it was said that more money was taken by him and deposited, that was also enquired into. We sent an officer even to Germany. He went, and even enquired into the prices. Then, we found that there is no evidence to support the suspicions which were

raised, and therefore the case cannot be proceeded with.

**Shri Hem Barua:** Then, what he said was that "I cannot place before the House any report or any comment until the enquiry is over." Now, the enquiry is over. He should place a copy of the report on the Table of the House.

**Mr Speaker:** Order, order. It does not necessarily mean that.

At that time, he said that he cannot place any report before that enquiry is completed. Now, the enquiry is completed and if he thinks that he is not able to place that report, the contents of the report, how can it be deduced or inferred that he made a promise that he would place it? It is no promise.

**Shri Hem Barua:** That is the right inference. It is in the public interest that it should be disclosed.

**Shri Surendranath Dwivedy:** This question was raised on November 27, 1961. It is all in the report. The Finance Minister said that only one transaction was cleared up and the other thing would be enquired into. Now the enquiry is completed; we demanded that for whatever was completed, whatever transaction was cleared up, a report could be made. Then the Chair ruled that the enquiry still continues and that the papers will be placed after the enquiry is completed. I want to know about the transaction which was cleared up. What was the transaction? I want to know whether it was in regard to the deposit of money in a foreign bank, in violation of the foreign exchange regulations, and whether it was a small amount and if that was so, whether the person concerned was excused and so on. What was it? I want to know about that very particular transaction.

**Shri Morarji Desai:** In the first place, it must be understood that in these matters information cannot be disclosed under the Act itself. Under section 19(4) of the Foreign Ex-

change Regulation Act read with section 54 of the Income-tax Act, 1922, it is not permissible to disclose the details of the information obtained from the seized document. Therefore, it is not possible for me to place any report in this matter. I am prohibited by the Act itself to do so in all these enquiries, like the Income-tax . . .

**Shri Hem Barua:** That does not apply to the Parliament.

**Shri Morarji Desai:** It applies everywhere. (*Interruption*).

**Shri Surendranath Dwivedy:** Could all that be done and deposited in the foreign banks without the permission of the Reserve Bank?

**Mr. Speaker:** Order, order. Under that provision, if the Minister thinks that he cannot disclose that information, if the information cannot be supplied to any person, then probably I think it will not be supplied here also. Here also it should not be supplied.

**Shri Surendranath Dwivedy:** If it is a document under the sections which he has quoted, we will not certainly ask for it. But when he admits that a particular transaction was there and that was cleared up after the enquiry, are we not entitled to know what was the transaction? They may not place the name of the bank or the amount involved before the House. We do not want all those things. But the fact whether it was not a case of some deposit in a bank in violation of the foreign exchange regulations must be stated here. I am surprised.

**Shri Morarji Desai:** I have said what the suspicion was. The suspicion was that some amount, some price, was brought, and then some price was shown, whereas the less price was paid, so that more money was kept there. Those were the allegations. There is no truth about them. There is no place where it is deposited. Nobody has said that. The hon. Members are welcome to

give me any information that they have, and I will still pursue further. It is no use making allegations in the air. (*Interruption*).

**Shri U. M. Trivedi:** The hon. Minister said that he has not got the reports with him. He does not say that he is not going to place the report before the House. Is he going to place it when it is available to him?

**Shri Morarji Desai:** I have not said that the report is not with me. I have said that I cannot place the report here because this information cannot be disclosed. (*Interruptions*).

**Some Hon. Members rose—**

**Mr. Speaker:** Shri U. M. Trivedi.

**Shri U. M. Trivedi:** Section 19 of the Foreign Exchange Regulation Act and section 54 of the Income-tax Act themselves provide that where there is a criminal offence committed, or where there is any criminal investigations, it is not sacrosanct that they cannot be placed before us. They can be placed before the House. When they are available with the Government, why is it not possible for them to place them here?

**Shri Morarji Desai:** Because there is no offence committed.

**Shri Surendranath Dwivedy:** I want a clarification, because I had some correspondence not only with the Finance Minister but also with the Prime Minister. The only thing I want to clarify is, when I raised this point and wrote to the Finance Minister and the Prime Minister, in reply the Prime Minister stated that a simple matter arose and it was cleared up after enquiry. In that letter, I particularly stated that there was a deposit in a foreign bank in violation of the foreign exchange regulations. Now he says, let him give the facts. I want to know what was that simple matter which arose and which was cleared up. Is it not deposit in a foreign bank without taking the permission of the Reserve Bank?

**Shri Morarji Desai:** I have said definitely so many times that it is not so.

**Shri Surendranath Dwivedy:** Then, what was that simple matter which arose?

**Mr. Speaker:** do not think there is any use hammering it again and again when the answer in his possession has been given.

**Shri Hari Vishnu Kamath:** From the hon. Minister's answer, it appears that he cannot disclose it in the public interest. That is what appears to be the reason; he does not want to say that. In this connection, you gave a weighty ruling in keeping with the highest traditions of the Parliaments of the world to this effect in the last session, about public interest' the shield, the cover, often used by the treasury benches. It was the Defence who was on the mat at that time. You gave a very weighty ruling. You said,

"It has been decided even before that the Minister has got that privilege to claim that he cannot disclose certain information in public interest. But when it is apparent on the face of it that the information ought to be given, I do interfere."

I would appeal to you, in the larger national interest—the Minister is guided by narrower interests—

**Mr. Speaker:** What does he want?

**Shri Hari Vishnu Kamath:** I would appeal to you in all earnestness and humility to direct the Minister to answer at least that part of the question raised by hon. colleague, Shri Dwivedy, as to what was the matter that the Prime Minister referred to in the letter. We do not want any report; we do not want any documents.

**Mr. Speaker:** I would request Shri Dwivedy to come to me. We will discuss the correspondence that has passed between him and the Prime Minister. I will look into it and then decide.

**Shri Hari Vishnu Kamath:** Thank you, Sir.