

I want to know from the hon. Minister that in order to bridge this gap, have you carried out any deliberate and conscious exercise either to reduce the imports of unnecessary items or have you identified those areas of export which do not affect the common man or the prices which are related to the common man. If so, what has been the result and if not, why not?

SHRI P. CHIDAMBARAM : Sir, I thought on our trade policy, there is a very transparent statement of trade policy. We made one on the 4th of July 1991; we made one on the 13th of August 1991. The Export-Import policy of 1992-97 is perhaps the most transparent, clear document on policy. Now, our policy, as I said earlier in answer to a supplementary, is to promote exports as well as to facilitate imports. Now, how do we bridge this gap of seven per cent? We bridge this gap of seven per cent by allowing export growth to be quite healthy at about 18 to 20 per cent. The Planning Commission wants growth to be about 16 per cent in value terms. We did not achieve it in the first year. But in the second and third years, we have done better than 16 per cent. There is, I might say with great respect, a misapprehension about imports; imports are necessary in order to facilitate exports and in order to help domestic production. Now, we are not exporting only traditional items. In fact, I would join issue with the suggestion made that because of exports, the prices are going up. That is not correct. The 34 items that we have identified as 'extreme focus items' are all items where there is value addition. Many of them are manufactured products and many of them are engineering products, software, etc. Yes. Some items which are consumed in this country are also exported. But as I said, our first obligation is to meet the domestic demand. We export surpluses — where the surpluses are identified. We allow export only if it does not affect the domestic price. But even our farmers require good prices and good prices will be available only if a part of the production is exported out of this country.

[Translation]

SHRI RAMASHRAY PRASAD SINGH : Mr. Speaker, Sir, there is significant increase in import-export deficit. I would like to tell the hon'ble Minister that in order to promote exports, he should give more subsidy to handloom industry and increase production. In addition to this, we can increase exports of quality rice. The Government should grant more subsidy to farmers on fertilizers to encourage them to increase the production of rice of good quality so that we may be able to export the same in larger quantity. I would like to know the reaction of the hon'ble Minister to this suggestion?

[English]

SHRI P. CHIDAMBARAM : Sir, I have no difference with any of the suggestions made.

[Translation]

### FERA Violation Cases

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\*622 SHRI RAM TAHAL CHOUDHARY :  
SHRI MOHAN RAWALE :

Will the Minister of FINANCE be pleased to state

(a) the number of cases of violation of the Foreign Exchange Regulation Act, 1973 detected during 1994-95 and during the current financial year so far;

(b) the number of persons arrested in these cases and the number of persons already released on bail; and

(c) the present status of the proceedings against them?

[English]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY) : (a) The Enforcement Directorate detected 5680 cases of violation of various provisions of the Foreign Exchange Regulation Act, 1973 during 1994-95 and 270 such cases in the current financial year (upto 10.5.1995).

(b) During 1994-95, 364 persons were arrested out of whom 362 have been released on bail. In 1995-96 (Upto 10.5.1995) 29 persons have been arrested; 21 of them have been released on bail.

(c) The proceedings against the parties are at different stages namely, investigation, issue of show cause notices, initiation of adjudication proceedings and filing of criminal complaints.

[Translation]

SHRI RAM TAHAL CHOUDHARY : Mr. Speaker, Sir, my question was that how many cases of violation of the Foreign Exchange Regulation Act, 1973 have been detected during 1994-95 and during the current financial year so far? In reply to this question, the hon'ble Minister has given certain figures. It has been stated therein that 5680 cases were detected in 1994-95 and 270 such cases have been detected in the current financial year (upto 10.5.1995). During 1994-95, 364 persons were arrested, out of whom 362 have been released on bail... (Interruptions)

MR. SPEAKER : It is alright, you need not read all this.

SHRI RAM TAHAL CHOUDHARY : Mr. Speaker, Sir, I would like to know whether the persons released on bail, were granted bail straightaway or they were kept in jail also?

MR. SPEAKER : No, it is not like that. The bail is granted by the court and thereafter, the person is released.

SHRI RAM TAHAL CHOUDHARY : Sir, violation of FERA is a serious crime as it has direct bearing on our economy. This crime is not committed by the poor but by the traitors. The increase in the incidents of crimes

relating to foreign exchange is natural because of increase in foreign investments and entry of foreign companies. The officers and other employees concerned have also become corrupt. Because of this, such crime can prove more dangerous. I would, therefore, like to know from the Government whether they are taking some effective steps to prevent such crimes?

[English]

MR SPEAKER He is not satisfied with the action taken. He is asking: Are you going to do something to improve it?

SHRI M V CHANDRASHEKHARA MURTHY Sir, I would like to just inform the hon. Member that I have already replied to it in my main reply. We have detected and registered 5688 cases, we have started investigations but due to lack of evidence, we have dropped about 1439 cases, we have issued show cause notices in respect of 1508 cases. As regards pending investigations, we have not dropped those cases. There are about 2733 such cases.

Regarding inflow of foreign investment, I do not understand how it is related to FERA violations. If the hon. Member has any specific instance, he can write to the Ministry and we will definitely examine it.

MR SPEAKER Have you got second Supplementary?

SHRI RAM TAHAL CHOUDHARY Mr Speaker, Sir, this is not the question of any individual but it is a general one.

MR SPEAKER Alright.

SHRI MOHAN RAWALE Mr Speaker, Sir, it has been revealed in international probe that the money transaction that takes place in Hawala racket is used in causing bomb blasts, engineering riots and terrorist activities. I would like to ask the hon'ble Minister whether any investigation has been done to find out from the persons arrested in connection with Hawala rackets as to how have they utilised the amount received by them through these transactions? Whether it has also been enquired whether these people are involved in terrorist activities or not?

Secondly, I want to know from the hon'ble Minister whether special courts would be set up to deal with economic offences relating to Hawala activities on the lines of special courts set up to deal with terrorist activities under TADA?

[English]

SHRI M V CHANDRASHEKHARA MURTHY Sir, I agree with the hon. Member. The *hawala* racket is a clandestine operation and the violation of the FERA and this money, in many of the cases, is used for terrorist activities also.

In March 1991, the Delhi Police received information about the terrorists of Jammu & Kashmir Valley that they have been in the possession of certain documents and also they are receiving a large sum of money through

*hawala* market. The Delhi Police had registered the case in March 1991 and then the case was taken up by the CBI for further investigations.

MR SPEAKER He wants to know whether you are going to have special courts for the economic offences.

SHRI M V CHANDRASHEKHARA MURTHY Yes, Sir, During the course of this investigation about the terrorists' funding, it was revealed that *hawala* channel was used for sending money to the terrorists from UK to Kashmir Valley.

MR SPEAKER Mr Minister he wants to know whether you are going to have special courts to deal with economic offences.

SHRI M V CHANDRASHEKHARA MURTHY Sir we have already established some special courts in some cities to try these economic offences.

SHRI NIRMAL KANTI CHATTERJEE Sir I do not know whether he is aware of this. I have a suspicion that the Finance Minister may have a hand in this, and maybe, in the marginal manner, the Commerce Minister also has to cover the trade deficit.

There is an interesting story had link up about which he has to tell me - whether he is aware of it.

In the share market we are aware that the financial foreign investment institutions have heavily invested and they have lost heavily in the course of last two months. The Finance Minister may have succeeded in retaining some of the hot foreign exchange within the country. Now this amount - which the financial foreign investment institutions have brought into our country and we have been, in a manner, able to confiscate by forcing the prices down in the share market - is going back to foreign countries and coming back as GDR not German Democratic Republic - it is Global Deposits Receipt. This is one of the route through which it is taking place. Is the Minister aware of any such developments or is there any violation of FERA noted in such cases?

SHRI M V CHANDRASHEKHARA MURTHY Sir so far we have not noticed any violation regarding these transactions.

SHRI NIRMAL KANTI CHATTERJEE He is not aware. Perhaps his senior could have known because this Minister is not intrusted in the whole game.

SHRI K P REDDAIAH YADAV I want to know through the hon. Speaker, whether it is a fact that in consonance with our liberalisation policy - economic as well as industrial policy - the Finance Ministry has liberalised the functioning of the Revenue Department, the Economic Offences Department, the Income Tax Department and such Departments, without actually functioning as they were functioning earlier?

MR SPEAKER What is meant by liberalising?

SHRI K P REDDAIAH YADAV We have liberalised the Economic Policy.

MR SPEAKER This is understood

SHRI S P REDDAIAH YADAV But now, what has happened during these three years? The Government India last year, has approved Rs 98,000 crore of foreign investments out of which we have received only Rs 3 000 crore, as actually invested in this country

Whatever money they are cornering in this country by way of contracts and so on they are sending it to other countries through other routes such as the havalas markets. And that money is being brought back as investment here

MR SPEAKER That is what exactly Shri Nirmal Chatterjee wanted to know

SHRI K P REDDIAH YADAV That means that these enforcement institutions are not functioning. Is it the policy of the Government that the Intelligence Department and the Revenue Department should not function as they were doing earlier?

MR SPEAKER In short, Mr Minister, the hon Member wants to know whether you have turned a blind eye to these offences

SHRI M V CHANDRASHEKHARA MURTHY That is not correct Sir. Along with liberalisation, proper functioning of these Departments is also being ensured. In fact we have detected more number of cases in respect of income-tax evasion. In 1994-95 revenue collection is also considerably high

[Translation]

PROF RASA SINGH RAWAT Mr Speaker, Sir, the hon ble Minister has told in his answer that so many persons were arrested under Foreign Exchange Regulation Act and so many persons have been released but I want to know from him as to how many persons have been sentenced under this Act. Secondly on the one hand it is stated that one can bring foreign exchange as much as he can to augment our foreign exchanges reserve under the scheme of liberalisation and nobody would question him and on the other hand this Act is being enforced. Is it not a contradiction?

MR SPEAKER You can send him a reply to the first part of his question, in writing also

[English]

SHRI M V CHANDRASHEKHARA MURTHY As regards the violation of FERA in 1993 we issued detention orders for 56 persons

[Translation]

PROF RASA SINGH RAWAT How many persons have been punished?

[English]

SHRI M V CHANDRASHEKHARA MURTHY Punishment is to be decided at various levels. Ultimately, it will have to be decided by the courts of law

PROF RASA SINGH RAWAT I just want to know how many persons are punished

MR SPEAKER Information on the first aspect of his question may not be readily available with you and you may send it to the hon Member afterwards

SHRI M V CHANDRASHEKHARA MURTHY I will send the information to the hon Member

MR SPEAKER You may answer the second part of his question. He says that there is a contradiction here. You want more foreign exchange. But at the same time you have these laws. How do you reconcile these two positions?

SHRI M V CHANDRASHEKHARA MURTHY Both these are different issues. We earn foreign exchange through legal channels

MR SPEAKER You want to earn foreign exchange by legal imports through proper channel. Is that so?

SHRI M V CHANDRASHEKHARA MURTHY No Sir. We want to earn foreign exchange through exports

[Translation]

SHRI SURYA NARAYAN YADAV Mr Speaker Sir, there are a number of cases of violation and people provide information also. The Government makes arrests and takes action against them. Thereafter an attempt is made on the life of the informers. I want to know whether Government has devised any way out to protect the informers or they propose to do something else in this respect? How many such cases have come to their notice? We read in the newspapers that the informer had to face murderous attack and Government does not provide him any security. Whether Government would introduce any legislation and take certain measures to protect them?

[English]

SHRI M V CHANDRASHEKHARA MURTHY Sir, normally, the informer gets his right. I may inform that we have a mechanism in the Department of Enforcement to give protection to such informers

[Translation]

SHRI KRISHAN DUTT SULTANPURI Mr Speaker, Sir, it appears from the figures given by the hon ble Minister that 5680 cases were detected in 1994-95 and 270 cases in the current financial year and similarly 29 cases were detected upto 10.5.1995. I would like to know about the persons who have not been released on bail. Whether they are still lodged in jail or any action is being taken against them?

MR SPEAKER The persons who have not been released on bail, you can rest assured, they are all in jail

SHRI KRISHAN DUTT SULTANPURI What is the position disposal of these cases. How many cases are disposed of in a month and in a year. He has stated that witnesses do not come forward. It is understood that the

smugglers, who are arrested, purchase the witnesses. Whether your Department has received similar complaints?

[English]

SHRI M V CHANDRASHEKHARA MURTHY Sir, only in such cases where there is lack of evidence, we have dropped those cases. Regarding 1994-95, out of 5,680 cases, we have issued show cause notices for about 1,506 cases. The cases which are pending investigation are about 2,733. We are taking all steps. Also, I would like to say that these investigations normally in the first stage, require minimum six months to be completed.

[Translation]

SHRI RAM NAIK Mr Speaker, Sir, out of 364 persons, 362 persons have been granted bail. Only 2 persons could not get bail. It is quite possible that they might have not applied for it or they might have died. This reveals that in the cases of economic offences bail is granted without any difficulty. I would like to know whether Government propose to amend the law to ensure that the bail is not granted so conveniently in serious cases like economic offences as happens in the criminal cases when someone is charged with committing a murder?

[English]

SHRI M V CHANDRASHEKHARA MURTHY Sir, bail is granted by the judicial courts. Even after the bail is granted, we do not stop the investigations.

MR SPEAKER There are different aspects of it.

SHRI M V CHANDRASHEKHARA MURTHY We proceed with the investigations.

SHRI RAM NAIK They go out of India.

#### USAID for Pollution Prevention

\*623 DR K V R CHOWDARY Will the Minister of FINANCE be pleased to state

(a) whether the US Agency for International Development has signed an agreement with the Government and the Industrial Development Bank of India to launch a Greenhouse Gas Pollution Prevention Project to assist India in its efforts to clean the environment,

(b) if so, the details thereof, and

(c) the total cost of the project therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M V CHANDRASHEKHARA MURTHY)

(a) to (c) A Statement is laid on the Table of the House

#### STATEMENT

An Agreement was signed on 10th April, 1995 between Government of India, Industrial Development Bank of India (IDBI) and United States Agency for International Development (USAID) for the Greenhouse

Gas Pollution Prevention Project (GEEP) costing US \$ 108.53 million. The objective of the project is (i) to reduce emissions of greenhouse gas in per unit of electrical energy generated by increasing energy productivity in thermal power generating plants and introduce commercially viable Efficient Coal Conversion (ECC) technologies and (ii) to encourage the use of Alternative Bagasse Cogeneration (ABC) technologies in sugar industries. The project also envisages assistance to beneficiaries who design their plants for dedicated usage of alternative biomass fuels. The project will be implemented by IDBI, Indian Renewable Energy Development Agency (IREDA) and National Thermal Power Corporation (NTPC). A total grant assistance of US \$ 19 million will be extended by USAID under this project.

DR K V R CHOWDARY Sir, I am very happy that an agreement has been signed on 10th April between the Government of India, the IDBI and the United States Agency for International Development for the Greenhouse Gas Pollution and they have been spending about more than US \$ 106.53 million.

Sir, there is no doubt that Carbon di-oxide is the top greenhouse gas pollutant. But Methane comes next to Carbon di-oxide because it is a bacterial decay pollutant of organic matter and is the main component of natural gas. Methane is thirty times stronger than carbon di-oxide in global fittings and in affecting the chemistry of the atmosphere.

Sir, Asia is responsible for 20 per cent of the world's greenhouse gas emission because Methane is discharged by cultivation. According to UNDP this level is expected to increase to 35 per cent by 2025 A.D. Such a significant increase would be harmful for all forms of life on earth. About 12 per cent global warming is attributed to

MR SPEAKER Please ask a question. If you go to the technical matters, it will be difficult for the Minister to answer. I do not know whether he is a scientist or not. If he is a scientist, he would understand. Ask about the policies, not the technical aspects as Methane, Carbon di-oxide, its effects on global warming and things like that.

DR K V R CHOWDARY Sir, more thrust is given for carbon di-oxide only, but not for methane. That is why, I am asking this question.

MR SPEAKER So, you would like to know whether the Government is going to do something about that also or not. Please make the question understandable and brief.

DR K V R CHOWDHARY What steps the Government is taking to give more preference to the Methane gas produced in Asia?

SHRI M V CHANDRASHEKHARA MURTHY The United States Agency for International Development have identified this project. They have signed this