

Mr. Speaker: This answer might have been given earlier. Very well. Short Notice Question.

SHORT NOTICE QUESTION

Violation of Foreign Exchange Regulations

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S.N.Q. { Shri P. G. Deb:
 { Shri Assar:
No. 24. { Shri S. A. Mehdi:
 { Shri Ram Krishna Gupta:

Will the Minister of Finance be pleased to state:

(a) whether any action has been taken by the Enforcement Directorate against Shri S. P. Jain for violation of Foreign Exchange Regulations; and

(b) the nature of the action taken and the reasons for imposition of fine?

The Minister of Finance (Shri Morarji Desai): (a) Yes, Sir.

(b) The Director of Enforcement, in his capacity as adjudicator, has imposed a penalty of Rs. 55 lakhs on Shri S. P. Jain for maintaining a Deutsche Mark account with a Bank in West Germany. Shri Jain has also been directed to close the account forthwith and bring back to India the amount lying in the account through an authorized dealer within thirty days from the date of the adjudicator's order, i.e., before the 22nd May 1959. The penalty was imposed on the finding of the adjudicator that Shri S. P. Jain had contravened the provisions of the Foreign Exchange Regulation Act.

Shri P. G. Deb: May I know what is the total amount involved in this case on account of the violation of foreign exchange rules?

Shri Morarji Desai: Rs. 19 lakhs.

Shri P. G. Deb: May I know the name of the country and the name of the bank to which this amount pertains?

Shri Morarji Desai: I have given that already—Germany.

Shri C. K. Bhattacharyya: May I know whether Shri Jain has preferred an appeal against this order?

Shri Morarji Desai: Even if an appeal is preferred, it is to be preferred after depositing the penalty.

Shri Assar: May I know whether there are any other cases of violations of foreign exchange regulation pending against Shri S. P. Jain and if so, how many and when will a decision be taken?

Shri Morarji Desai: I do not know if there are any specific cases pending against him. There may be some enquiry going on but that is not on any specific complaint.

Shri Ram Krishna Gupta: In view of the fact that he has been held guilty, may I know whether there is any proposal to remove him from the Chairmanship of the Punjab National Bank?

Shri Morarji Desai: The Government cannot give such a directive. It will be for the Reserve Bank to consider. It can do whatever it has to do.

Shri Tyagi: May I know what explanation has Shri S. P. Jain given for this?

Shri Morarji Desai: These proceedings are with the Director. The explanation was that the money belonged to the concerns and not to him.

Shri Jaganatha Rao: May I know whether the Government is going to recover income-tax on this amount?

Shri Morarji Desai: I cannot say that without examining it further.

Shri A. C. Guha: The other day, during the short debate on foreign exchange violations the Deputy Minister had said that the proceedings before the adjudicator were not secret; they are open and public. Will the Government be pleased to place the proceedings on the Table of the House?

Shri Morarji Desai: If all proceedings are to be placed here, I cannot

say. I shall certainly examine and see if it can be done. I have no desire for secrecy myself.

Shri Tyagi: Sir, the hon. Minister has just now stated that a man who has been convicted cannot go in appeal unless he deposits the penalty imposed on him as fine. In cases of such heavy sums as 55 lakhs, does the Government look into the difficulties of depositing such sum ... (Interruptions).

Mr. Speaker: Order, order. There is a party, sufficiently strong, to make an appeal, if necessary and make such representations as are necessary. Are we in this House to take up the case of any individual man and say: "Why do we not show him some concession?" I am unable to understand this kind of attitude. What is the good of asking the Government to commit itself to a particular course? If there is an appeal and if it is possible for the appellate court or the appellate authority to exercise discretion in his favour, it will certainly do so. We ought not to make it appear that we doubt whether it will be done or it will not be done. He is sufficiently strong. He will take care of himself. He will also have advocates to make representations. We cannot commit the Government in advance. What I am suggesting to all hon. Members is, so far as details are concerned as to whether any mercy will be shown or not, they should not ask the Government to commit to a particular course. In that case almost every day we will have to dispose of murder cases where mercy applications are made. I cannot allow such questions.

Shri Tyagi: I may inform you, Sir, that I was not advocating the case of anybody. I do not mind if the fine is much more than that. My point is, in cases where the fines are too heavy, if there is a law that one cannot go in appeal without depositing the fine amount, then practically the right of appeal remains banned for all citizens. My question is, where fines

are difficult to be deposited, do Government take any guarantee that the property etc. will not be transferred away and give the persons concerned the right of appeal.

Mr. Speaker: The hon. Minister need not answer. For a man who is worth Rs. 100 crores, Rs. 55 lakhs is nothing. If he has only Rs. 1 lakh, Rs. 55 lakhs is too much for him. What is the hon. Member asking for? Shri Tyagi wants to place himself in that position and place the other man in his position. He may not have Rs. 1 crore or Rs. 10 crores. But the other man may think it is a free bite. It is for him to ask and for others to find out whether concession should be shown, whether Rs. 55 lakhs is too much or too little. Are we to go into these matters here? I am really surprised.

Shri Khadilkar: As it is known that Shri S. P. Jain is likely to challenge the decision of imposition of fine, may I know why under the provisions of the Act where there is a remedy, penal action is also not simultaneously taken?

Mr. Speaker: Are we to suggest any particular action to the authority in charge of it?

Shri Khadilkar: It is not so, Sir. I will just explain. In case he goes to the Supreme Court the case will drag on for several years. Then his property etc.

Mr. Speaker: I am not going to allow this question. The matter has been placed before an arbitrator, whoever he might be. He has given a decision. Further action will be taken. If there is any remission, the hon. Members will come before this House and say that there is unnecessary leniency and so on.

Shri V. P. Nayar: Last time, Sir, when a question was asked the Home Minister promised to the House that in case the adjudicator asked for sanction for prosecution Government would readily give it. We would like to know whether subsequent to that

statement of the Home Minister the Government of India was approached for necessary sanction for prosecution?

Shri Tyagi: Why was not the permission given?

Shri Morarji Desai: Sir, I could not follow the question.

Mr. Speaker: The hon. Member says that when the same question was put to the hon. Home Minister as to whether sanction would be given if the arbitrator who finds the person guilty asks for sanction for prosecution, the hon. Home Minister replied that it would be readily given. He now wants to know whether the sanction was applied for and if so at what stage it is.

Shri Morarji Desai: Under the law as it is, it is in the discretion of the Director. He has got to issue the order himself. Therefore, no question of sanction from Government arises. On the day when I replied to that question, I did not know the law as it was even for prosecution itself, whether there should be prosecution or there should be a fine by itself. That is the law as it is, and if Government tries to give any direction it will vitiate the whole proceedings and he may escape in the court of law. Therefore, there is no question of Government giving any direction in the matter.

Shri Khadiikar: The Home Minister replied that if the Director applies for sanction for prosecution the Government will consider the question.

Shri Morarji Desai: That was, as I said, because I was not conversant with the exact provisions of the law. After that I examined the law and I find that there is no question of Government giving any direction or any permission. It is for the Director to decide whether he should prosecute or whether he should fine.

Shri Prabhakar Kar: In view of the fact that Shri S. P. Jain is a general head of the Punjab National Bank,

may I know whether Government will ask the Reserve Bank to take any action so that he may be removed from the Punjab National Bank.

Mr. Speaker: A suggestion for action. Let us go to the next business.

Shri S. M. Banerjee: Sir, I want to put one question.

Mr. Speaker: I am sorry. I have given sufficient time. Let us take up the next business.

WRITTEN ANSWERS TO QUESTIONS

Polytechnics in the South

*2109. **Shri Vasudevan Nair:** Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether it is a fact that the Southern Regional Committee of the All India Council for Technical Education has recommended that seven Centrally sponsored polytechnics should be started in the South; and

(b) if so, the number of such polytechnics started so far?

The Minister for Scientific Research and Cultural Affairs (Shri Humayun Kabir): (a) On the recommendation of the All India Council for Technical Education, seven polytechnics have been allotted to the States in the Southern Region under the Centrally sponsored scheme of establishment of additional engineering colleges and polytechnics during the Second Five Year Plan.

(b) None, so far.

Indian School of Mines and Applied Geology, Dhanbad

*2110. **Shri L. Achaw Singh:** Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether the admission to the Indian School of Mines and Applied Geology, Dhanbad, is on the basis of an All India examination to test the merits of the candidates; and