

- (i) the B.P.E. is using a definition of 'Capital Employed' which is accepted widely by Government agencies like Bureau of Industrial Costs & Prices, Chief Adviser (Cost), etc., by professional bodies like the Institute of Cost and works Accountants of India, the Institute of Chartered Accountants of India as also by the Comptroller & Auditor General of India ;
- (ii) the rate of growth of sales reflects only the macro picture ; and
- (iii) coverage being given in B.P.E.'s Survey cannot be considered inadequate.

**B.P.E. = Bureau of Public Enterprises**

**Verification of the Quality of Imported Cotton bales**

**10054. SHRI R.P. YADAV :** Will the Minister of COMMERCE be pleased to state :

(a) whether the Quality of foreign cotton bales were verified or checked after the bales landed in India ;

(b) if so, by whom, whether by "Technical Panel" which selected samples while contracts were signed or by C.C.I. Officers, with respect to the import of 11.61 lakh bales during 1976-77 ; and

(c) if not, whether there was any doubt of manipulation in quality ?

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND IN THE DEPARTMENT OF SUPPLY (SHRI NIHAR RANJAN LASKAR) :** (a) and (b) The procedure laid down for import of cotton during 1976-77 provided for drawal of samples under joint supervision of Controllers appointed by the buyers and sellers on arrival of bales in India. Wherever quality differentials were noticed by the buyers, quality claims for quality allowance were lodged with the shippers as per provisions of the Contract. The samples sealed by the technical panel formed the basis for settlement of quality claims, if any, either amicably or through arbitration. The procedure laid down in this regard however, did not warrant inspection of cotton by the technical panel on arrival of cotton in India as it

clearly provided for drawal of samples by the internationally recognised controllers of both buyers and sellers for settlement of disputes, if any, in this regard.

(c) Does not arise.

**Tax Evasion by Liquor Contractors of Madhya Pradesh**

**10055. SHRI N.K. SHEJWALKER :** Will the Minister of FINANCE be pleased to state :

(a) whether group of liquor contractors of Madhya Pradesh have been filing long returns in respect of their incomes from liquor sales ;

(b) whether it is a fact that they have shown lesser income on the basis of manipulated P-5, certificate under the Madhya Pradesh Excise Act ;

(c) is it a fact that the department organisend raids against these contractors and several incriminating documents have been discovered and some cases of theirs have already been re-opened ; and

(d) if so, what is the progress in the matter and what action against them is being taken ; what is the estimated evasion of tax by these contractors ?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.M. KRISHNA) :** (a) Correctness of income from sale of liquor is examined by the assessing officer at the time of assessment in every case and additions are made to the returned income, wherever necessary.

(b) P-5 certificates are issued by the State Excise Department. There is no evidence with the Income Tax Department to conclude that these certificates were manipulated.

(c) and (d) Searches were conducted in a number of liquor contractor cases in 1974 and in subsequent years at various places in Madhya Pradesh. Assessments have been reopened in many cases. Additions made have been deleted in some cases and some other cases are pending with appellate authorities. Extent of evasion of tax can be known only after assessments become final in all the cases.