

**Tax Evasion by National and Grindlays Bank and other Foreign Banks**

1431. SHRI INDRAJIT GUPTA:

SHRI C. K. CHANDRAPPAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have set up special cell to investigate the leading cases of tax evasion of Grindlays Bank, First National City Bank and other foreign banks;

(b) if so, what are the findings of the investigations; and

(c) what action Government have taken against these banks?

THE MINISTER OF STATE IN CHARGE OF THE DEPARTMENT OF REVENUE AND BANKING (SHRI PRANAB KUMAR MUKHERJEE): (a) A Special Cell was set up in the Directorate of Inspection (Investigation) to investigate tax evasion by large industrial houses. This Cell has been associated with investigations in the case of M/s. Grindlays Bank. Investigations in respect of First National City Bank and other foreign banks have not yet been entrusted to this Cell.

(b) and (c). As a result of investigations in the case of Grindlays Bank, assessments for assessment years 1958-59, 1966-67 to 1970-71 have been reopened to assess income which had escaped assessment. The reopened assessments are pending because, on the writ petitions filed by the Bank before the Calcutta High Court, Rule Nisi and interim injunctions orders had been passed by the Court restraining the Department from proceeding with the reopened assessments till the disposal of the Rule. The Court is being moved for vacating these orders. Recently, action for reopening assessments for assessment years 1959-60 to 1965-66 has also been taken.

The last completed assessment of the Bank is for assessment year 1971-72.

As against returned income of Rs. 3.23 crores, income has been assessed at Rs. 4.13 crores. Penalty proceedings for concealment have also been initiated.

The Bank had not paid to the credit of the Government the Income-tax deducted by it at source from the interest paid or credited to certain non-resident customers and others. Such amounts to the tune of Rs. 12.77 lakhs have since been paid to the credit of the Government and interest of Rs. 13.915 for delayed payment has also been levied and collected.

**Establishment of Handloom Development Corporation in Orissa**

1432. SHRI ARJUN SETHI: Will the Minister of COMMERCE be pleased to state:

(a) whether the State Government of Orissa has requested the Central Government to establish a Handloom Development Corporation in the State and submitted a crash programme to the Textile Commissioner of India with a view to bring 50,000 weavers into the co-operative fold; and

(b) if so, the reaction of Government thereto?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI VISHWANATH PRATAP SINGH):

(a) Yes, Sir.

(b) The Handloom Development Corporation in Orissa is to be established by the Government of Orissa. Extension of cooperative coverage in the handloom sector is one of the programmes for revitalisation and development of handloom sector. For the present, however, only schemes for intensive development and export production are being approved by the Central Government.