

(c) whether the assessments for the years 1963-64 and 1964-65 have been completed;

(d) if so, the amount of income-tax and the penalty imposed, year-wise;

(e) whether the Income-tax and penalty due from the firm for the years 1963-64 and 1964-65 have been realized;

(f) whether it is a fact that the records seized from the above firm include letters in original written by certain officials of the Joint Chief Controller of Imports and Exports, Delhi and Bombay and the Handicrafts Board, New Delhi, who have shown extra-ordinary favours to the said firm in the matter of grant of import licences; and

(g) if so, the action taken by Government to punish the guilty officials?

The Deputy Prime Minister and Minister of Finance (Shri Morarji Desai): (a) No, Sir.

(b) Detailed investigations about numerous transactions have to be made, which will necessarily take time.

(c) No, Sir.

(d) and (e). Do not arise.

(f) No, Sir.

(g) Does not arise.

M/s. H. N. Pahilaj and Co. Bombay

**8097. Shrimati Tarkeshwari Sinha:
Shri S. M. Banerjee:
Shri Rabi Ray:
Shri Dhireswar Kalita:
Shri Madhu Limaye:
Shri George Fernandes:**

Will the Minister of Finance be pleased to state:

(a) whether it is a fact that exports have been made by M/s. H. N. Pahilaj and Co., Bombay to M/s. India Nepal Gift House, New York (of whom Shri Pahilaj N. Hathiramani is the sole proprietor) and the commission due to export from India by the said firm

(M/s. H. N. Pahilaj and Co.) has been credited to the account of Shri H. N. Pahilaj; and

(b) if so, the action taken to punish the party concerned for violation of the Foreign Exchange Regulations Act?

The Deputy Prime Minister and Minister of Finance (Shri Morarji Desai): (a) and (b). Messrs. H. N. Pahilaj and Co. Bombay, have been exporting handicrafts, handlooms etc. to Messrs India Nepal Gift House, New York, since 1960 and according to an agreement entered into by the Indian firm, some commission on the basis of the export value due to the New York firm has been remitted with the permission of the Reserve Bank of India. The financial and other interests of Shri Pahilaj N. Hathiramani in the New York firm is a matter under investigation.

On 3-9-66 the premises of M/s. H. N. Pahilaj and Co., Shri P. N. Hathiramani the proprietor of the firm, and their associates, were searched by the officers of the Enforcement Directorate. As a result of the searches some Indian currency, Dollar travellers cheques and a number of documents were seized.

M/s. H. N. Pahilaj and Co., Bombay, and Shri P. N. Hathiramani filed writ petitions in the Delhi High Court challenging the seizure. During the hearing the counsel on behalf of the Enforcement Directorate gave an undertaking that the parties would not be prosecuted nor would any penalties be imposed on them, pending disposal of the Writ Petition by the High Court.

After scrutiny of the documents, the Enforcement Directorate issued a directive to the parties under section 19(2) of the Foreign Exchange Regulation Act, 1947 calling upon them to furnish some information. The parties, instead of furnishing the information, filed applications in the High Court for contempt of Court against the Enforcement Directorate and for

clarification of the order issued by the High Court. All these matters are pending before the High Court.

Orders Placed by D.G.S. & D. for Stores

**8698. Shri Chandrika Prasad:
Shri Nitiraj Singh Chaudhary:**

Will the Minister of Works, Housing and Supply be pleased to state:

(a) whether it is a fact that out of the total number of orders placed by the Director General of Supplies and Disposal for procurement of stores from indigenous capacity, only 50 per cent of them materialise and similarly out of the total number of orders placed on overseas firms, only 90 per cent of them materialise;

(b) if so, the reasons therefor;

(c) the steps taken to improve the position of supply;

(d) whether Government have made any survey to find out the reasons for failure of firms in executing orders; and

(e) if so, the details thereof?

The Deputy Minister in the Ministry of Works, Housing and Supply (Shri Iqbal Singh): (a) Statistics in this regard are not maintained. However, it can be stated from the D.G.S. & D's experience that against orders placed for indigenous stores, about 50 per cent materialise during the original delivery period in the contracts and another 45 per cent materialise during the extended delivery period. In respect of orders placed on the overseas firms, the percentage of materialisation is fairly high and could be placed at 98 per cent.

(b) and (c). Such factors as paucity of raw materials, stores not coming up to the required specifications, hold up in production due to labour unrest and strikes, and difficult market conditions tend to affect the supplies. Each case is, therefore, examined on its merits and suitable

extension in the delivery period is given to complete supplies. Progressing of contracts to expedite supplies is also undertaken by the Director General of Supplies and Disposal. Improvement in and simplification of the purchase procedure is constantly reviewed and remedial measures are taken from time to time.

(d) No, Sir.

(e) Does not arise in view of the position explained above.

Finance Minister's talk with Dr. Kaldor on Tax Structure

**8699. Shri S. S. Kothari:
Shri Sidheswar Prasad:
Shri Raghuvir Singh Shastri:
Shri Kameshwar Singh:
Shri Shiva Chandra Jha:
Shri M. L. Sondhi:**

Will the Minister of Finance be pleased to state:

(a) whether it is a fact that he held extensive consultative talks recently with Dr. Kaldor on the Indian tax structure and Dr. Kaldor gave a number of suggestions for rationalising the tax structure and reducing the incidence of evasion; and

(b) if so, what were his suggestions and the action Government propose to take in this regard?

The Deputy Prime Minister and Minister of Finance (Shri Morarji Desai): (a) During the recent visit of Prof. Nicholas Kaldor to India, which was at the instance of the Indian Statistical Institute, Prof. Kaldor had an informal discussion with me about various features of the British and Indian systems of taxation. During this discussion, Prof. Kaldor did not make any specific suggestion for any change in the Indian tax laws.

(b) Does not arise.