

Scandal Unearthed in ITC

441. SHRI R. SAMBASIVA RAO : Will the Minister of COMMERCE be pleased to state :

(a) whether recently a scandal worth about rupees 350 crore has been unearthed by the Directorate of Enforcement;

(b) if so, the details thereof;

(c) whether his Ministry has failed to monitor on import and export made by I.T.C.;

(d) if so, the reasons therefor;

(e) whether the Government have fixed any responsibility for this scandal;

(f) if so, the details thereof; and

(g) the steps taken by the Government to check such scandals in future?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) and (b). Enforcement Directorate in the Ministry of Finance has taken up investigations in the matter relating to suspected contraventions of the provisions of Foreign Exchange Regulation Act (FERA), 1973 by ITC, 26 premises of Calcutta, Bombay, Delhi, Hyderabad, Madras and Guntur have been searched on 30. 31.10.96 and 6.11.96 besides interrogation of some of the concerned Directors/Executive (both serving as well as retired) of the company, ten of whom have also been arrested under the provisions of FERA, 1973, and all of them are still under judicial custody. Investigations in this case are at preliminary stage.

(c) and (d). The monitoring of import and export performance of individual companies is not undertaken by this Ministry, except where specific export obligations have been undertaken against Duty Exemptions/reliefs on import of machinery or other inputs.

(e) and (f). Since the investigations are at preliminary stage at present, on conclusion of the same, appropriate action under FERA, 1973 will be taken, against all those who are found guilty.

(g) Enforcement Directorate maintains constant vigil and whenever any specific case/information comes to its notice, action, as is warranted under FERA, 1973 is taken.

Seizure of Mandrax

442. SHRI GORDHANBHAI JAVIA : Will the Minister of FINANCE be pleased to state :

(a) the number of cases of seizure of Mandrax registered in Gujarat during each of the last two years; and

(b) the steps taken by the Government to check the illicit production and smuggling of Mandrax?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) As per information available, the number of cases of seizure of Mandrax in Gujarat during the last two years are as under :-

Year	No. of cases
1994	6
1995	3

(b) Instructions have been issued to all enforcement agencies to maintain the utmost vigil and step up enforcement efforts under the stringent provisions contained in the various Acts. Training is being imparted to officers to improve their effectiveness. Vehicles and communication equipment have been provided to enforcement agencies. BSF and Coast Guard, who are deployed on land and coastal borders, have been vested with the powers under the Customs Act to interdict narcotic drugs on the border in addition to the Central and State Government enforcement agencies empowered under the NDPS Act. Acetic Anhydride and N-acetylanthranic Acid, which are important ingredients for illicit production of Methaqualone (Mandrax) have been declared as 'Controlled Substances' under the NDPS Act in 1993.

Export of Carpet

443. SHRI KRISHAN LAL SHARMA : Will the Minister of TEXTILES be pleased to state :

(a) whether the country's carpet export has registered an all times negative growth during the current year;

(b) if so, the details thereof and the main reasons for this steep fall in carpet export; and

(c) the specific measure being taken to improve the export of carpet?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA) : (a) and (b) No, Sir. Exports of carpets in value terms have shown an increase of about 5 % for the period April - August 1996 compared to the corresponding period of 1995-96. However the growth is less compared to the figures of 1995-96 which stood at 7.56%.

The decline in growth rate is attributed to the world wide economic recession which resulted in exports of low value carpets i.e. Gabba and Indo-Nepalese quality for which unit value realization is very low.

(c) The specific measures taken to improve the export to carpet include: sponsoring of sales-cum-study teams abroad; participation in international fairs and exhibitions; organisation of buyer-seller's meets; overseas publicity and publication of catalogues; conducting of seminars and workshop; import of raw wool at nominal import duty and organisation of international Carpet Expo-annually in India.