

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1408
ANSWERED ON:04.03.2011
CIRCULAR TRADE IN DIAMONDS
Owaisi Shri Asaduddin

Will the Minister of FINANCE be pleased to state:

- (a) whether the information has since been collected;
- (b) if so, the details thereof and the action taken or being taken in this regard; and
- (c) if not, the reasons for the delay and time by which information will be laid?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a): Yes, Sir. The implementation report for fulfillment of the Lok Sabha USQ No.5084 for answer on 27-08-2010 regarding investigation of circular trade (Under Assurance) was forwarded to the Under Secretary, (Lok Sabha)/(Implementation-I Section), Ministry of Parliament Affairs, New Delhi-110001 vide Office Memorandum F.No.391/35/2010-Cus (AS) dated 24th November, 2010 before due date for fulfillment i.e. 27-11-2010 with the approval of the competent authority.

(b)to(c): During the financial years 2007-08 onwards till July 2010, one case was detected against four parties in the year 2008-09 namely; (i) M/s Multistar Gems & Jewellery Pvt Ltd., (ii) M/s. Manan Exports Pvt Ltd. (iii) M/s Danish Exports Pvt Ltd. and (iv) M/s Prakash Diamonds Pvt Ltd. The above said importers were found involved in circular trading of rough diamonds in connivance with Hong Kong based suppliers by way of over invoicing the actual value of the goods.

On completion of investigation, Show cause Notice was issued and the case has since been adjudicated. The diamonds were absolutely confiscated and penalties totally amounting to Rs.7.40 crores were imposed on firms/individuals involved.