

The questions is :

"That the Bill further to amend the Additional Duties of Excise (Goods of Special Importance) Act, 1957, be taken into consideration."

*The motion was adopted*

MR. DEPUTY SPEAKER: The House will now take up Clause by Clause consideration of the Bill.

The questions is:

"That Clauses 2 and 3 stand part of the Bill."

*The motion was adopted*

*Clauses 2 and 3 were added to the Bill*

MR. DEPUTY SPEAKER: The question is:

"That clause 1, the Enacting Formula and the Long title stand part of the Bill.

*The motion was adopted*

*Clause 1, the Enacting formula and the Long Title were added to the Bill*

PROF. MADHU DANDAVATE: Sir, I beg to move:

"That the Bill be passed."

MR. DEPUTY SPEAKER: The questions is:

"That the Bill passed."

*The motion was adopted*

19.56 hrs.

#### GOLD (CONTROL) REPEAL BILL

MR. DEPUTY SPEAKER: Now, we go to item no. 18, that is consideration and

passing of Gold (Control) Repeal Bill, 1990. The Minister may please say that the move the Bill for consideration.

[*Translation*]

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): Mr. Deputy Speaker, Sir many friends have expressed their views regarding the Gold Control Bill during discussion on Budget. We will consider them. This Bill is simply about repeal of the Act... (*Interruptions*)

[*English*]

I am not making my speech. I am only moving the Bill.

† beg to move:

"That the Bill to repeal the Gold (Control) Act, 1968, be taken into consideration."

MR. DEPUTY SPEAKER: Motion moved:

"That the Bill to repeal the Gold (Control) Act, 1968, be taken into consideration."

There are some amendments suggested by the Members. Are the Members interested in moving those amendments?

SHRI AJIT PANJA (Calcutta South East): Sir, the Government has to take certain follow-up actions. So, we want to make some submissions.

PROF. MADHU DANDAVATE: Sir, the Gold (Control) Act is there and we said that we would abolish that. Now, there is some sort of a vacuum. While presenting the Budget, I had already announced that we would abolish the Gold (Control) Act. If we do not do it, we cannot effectively implement it and as a result, inspectors and officers will continue to visit the small goldsmiths and unnecessary harassment will be caused. Therefore, in the first available opportunity,

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we try to withdraw it back. If we send it for circulation, some time will be wasted in that. So, we will not be getting the advantage by the repeal of this Act. Therefore, I appeal to all the Members not to move their amendments and allow the Bill to be passed.

MR. DEPUTY SPEAKER: Is Mr. Gir-dhari Lal Bhargava moving his amendment?

[*Translation*]

SHRI GIRDHARI LAL BHARGAVA (Jaipur): I beg to move:—

"That the Bill be circulated for the purpose of eliciting opinion thereon by 24th of August, 1990"(1)

[*English*]

MR. DEPUTY SPEAKER: Is Mr. Dau Dayal Joshi moving his amendment.

[*Translation*]

SHRI DAU DAYAL JOSHI (Kota): I beg to move:—

"that the Bill be circulated for the purpose of eliciting opinion thereon by the 31st of August, 1990"(2)

[*English*]

MR. DEPUTY SPEAKER: Is Mr. Ram Naik moving his amendment?

SHRI RAM NAIK (Bombay North): I am not moving.

MR. DEPUTY SPEAKER: Is Mr. Harish Rawat moving his amendment?

SHRI HARISH RAWAT (Almora): I am not moving.

MR. DEPUTY SPEAKER: Is Mr. Tho-

mas moving his amendment?

SHRI P.C. THOMAS (Muvattupuzha): I am not moving. (*Interruptions*)

20.00 hrs.

[*Translation*]

MR. DEPUTY SPEAKER: You must realise that all this may create a confusion. This is an issue relating to gold.

[*English*]

I intentionally called Mr. Ajit Panja because he had been in the Finance Ministry. Now you say, Mr. Jeevarathinam would also speak. It is all right. Mr. Jeevarathinam, what is the important point that you want to make.

SHRI NIRMAL KANTI CHATTERJEE (Dumdum): He will speak on the importance of gold itself!

MR. DEPUTY SPEAKER: Shri Jeevarathinam.

[*Translation*]

\*SHRI R. JEEVARATHINAM (Arakkonam): Hon. Dy. Speaker, Sir, I wish to say a few words in support of the Bill seeking to repeal the Gold (Control) Act, 1968. This law was brought forward by Hon. Shri Morarji Desai. This law has put a lot of restrictions on the gold-smiths. They had to be out of employment. I, therefore, welcome this measure which is in line with the policy statement made by Hon. Finance Minister during his budget speech.

There are many difficulties in administering this law. There are no specific provisions for ensuring the purity of gold. Gold is available at cheaper rates. Gold is being brought from Arab countries and sold at higher prices. The Govt. must see whether the Govt. could itself bring gold from Arab

\*Translation of the speech originally delivered in Tamil.

countries and make it available at cheaper rates in India.

In India, all of us, whether men or women, have a craze for gold. Therefore, there is a growing demand for gold. Steps should be taken to meet his demand.

As soon as the law was repealed gold prices started to decline. Gold dealers have then started hoarding gold and the prices again have shot up. I, therefore, request the hon. Minister to put a ceiling on the possession of gold.

[*English*]

MR. DEPUTY SPEAKER: Please conclude, Mr. Jeevarathinam.

MR. R. JEEVARATHINAM: The country's economy will grow only if gold is available at cheap rates. Gold ornaments should be manufactured and exported to South East Asia countries. At present there is 14 carat gold and there is also 12 carat gold. Govt. must issue instructions for ensuring uniformity in the carat of gold. I also request to put a ceiling on the damages to minimise damages while melting gold. (*Interruptions*)

As we have mint for manufacturing coins, an establishment should be there for manufacturing pure gold sovereigns. Cooperatives should be formed for employing goldsmiths so that the rampant unemployment among goldsmiths could be removed.

MR. DEPUTY SPEAKER: Yes, Mr. Jeevarathinam, you will now conclude.

SHRI R. JEEVARATHINAM: Sir, gold is being smuggled into India from Arab countries. Kallikottai, Cannanore on the western coast are the den of gold smugglers. This smuggling should be stopped. The Govt. must levy high excise duties on smuggled gold to prevent smuggling. The gold smuggled into India should be confiscated and made available at cheap rates in India. (*Interruptions*)

I also request the Hon. Minister to consider exempting gold jewels from the wealth tax. With these words I conclude.

[*Translation*]

SHRI JAYAWANTI NAVINCHANDRA MEHTA (Bombay North East): Mr. Deputy Speaker, Sir, I welcome and support the Gold (Control) Repeal Bill.

Sir, keeping in view the objectives of the bill, it becomes clear that the bill aims at providing employment opportunities to the small and marginal artisans. There are about 15000 big dealers of gold but in number of marginal goldsmiths who have been officially registered in India is more than 4.5 millions this Bill will help them to earn their livelihood. This is a commendable Bill from this point of view but I would, at the same time, like to offer certain suggestions to the hon. Minister. Keeping in view the mood of the hon. Members, I will not make a long speech but conclude by making certain suggestions.

Mr. Deputy Speaker, Sir, viewing the Gold (Control) Act from the point of view of the consumers' protection, there is need to hallmark the gold ornaments after they are carved out. In the absence of a hallmark if the consumer wants to sell a ten gram gold ornament to the same dealer from who he has purchased it, the dealer deducts one gram and one gram of gold costs Rs. 300 approximately the consumers has to bear this loss as well as the cost of labour involved also goes waste. I mean to say that the hallmark should be based on the purity of the gold. This will help in protecting the consumers interest and check smuggling of gold. India's gold requirement is approximately 225 tonnes per annum and our goldmines can produce just 125 tonnes. The Government of India either resorts to the selling of old gold and buying the freshly mined but any how there is a shortage of 150 tonnes of gold every year. So the smuggled gold is also brought to use. I would likes say that smuggling encourages black money and there is need to take measures to contain

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smuggling, if we want to put a check on black money. I would, first, like to give some figures in this connection. 135 and 170 tonnes of gold were imported in 1988 and 1989 respectively, that is, the gold worth Rs. 5500 crores, but this quantity too proves to be inadequate to meet our domestic demands. My suggestion is that the Government should establish *Gold Banker or Gold Boards* in order to make gold available to the public. Establishment of Gold Boards, like Tea or Coffee Boards will certainly reduce the instances of smuggling alongwith facilitating the consumers to buy gold on cheaper and reasonable rates.

Mr. Deputy Speaker, Sir, here I would like to refer to the judgement of the Patna High Court in which emphasis was laid on exercising a certain amount of control over the purity of the gold not merely by the goldsmiths but the dealers also should be held responsible therefor. I would like to submit that it is the goldsmiths who suffer losses. Therefore all the dealers should be compelled to ensure hall-marking so as to market gold available to the people of India at fixed price. We will have to consider the problem from this point of view.

Secondly, it is said that the provision of hall-marking should be applicable only to the jewellery meant for exports and not to the jewellery as a whole. This why a monopoly union of the smugglers has been constituted to obstruct the supply of gold from Dubai or other Arab Country to India. They to maintain their monopoly through smuggling and encourage blackmoney by fulfilling the rising demand for gold. I mean to say that we should reconsider the export-import policy of gold.

I am going to conclude in just a minute. Indians go to the Arab countries wearing 18 carat gold ornaments and return to India wearing 24 carat gold ornaments. This is another way of smuggling gold. I urge that the gold ornaments meant for export should necessarily be hall marked. If, alongwith the

Gold Control (Repeal) Act, the hon. Minister ensures enactment and enforcement of the hallmark law it will go a long way to secure socialistic ideals and our countrymen, I am sure, will not have to face this problem in future. I remember very well that in 1988, under the Gold (Control) Act, the Government testēd at Bombay some 82 samples of gold and I have to say it with regret that the subsequent test reports revealed that it was 16-18 carat gold and not the 22 carat gold. Neither has the reports been submitted till date, nor any action taken thereon. I would, therefore, like to impress upon you to bring a Bill to provide for hall marking so as to stop the cheating in gold ornaments dealings. This will prove to be very fruitful to the goldsmiths, because, on an average, more than 45 lakh marriages take place every year in our country and if the minimum per marriage consumption of gold is taken to be 30 grams the hon. Minister can well assess the requirement of gold in our country. I mean to say that looking at it from the consumers point of view the Bill for hall-marking should be introduced forthwith and steps should be taken to provide some relief to the goldsmiths.

With this, I thank you.

[English]

SHRI AJIT PANJA (Calcutta North East): Mr. Deputy-Speaker, Sir, a few months ago in the Budget speech, it was indicated by the Finance Minister that the Gold Control Act would be repealed. I do not know why so much time was taken to bring in only a repealing Act before the House when the Finance Minister himself stated that the inspectors were going and disturbing the goldsmiths. That is not the correct position. Delay has been intentional. In the meantime, it has only helped the smugglers of gold. Why? First, there was a ten per cent crash in the price and it went down. Then the prices settled. In what manner prices settled, nobody knows. It appears now that even though it was declared and even though it is in the programme of the House that the Act is coming to be repealed, the price differential

of gold in the domestic and international market is still about 60 per cent. Therefore, profitability of smuggling of ten grams of gold has been estimated at Rs. 1,200. It is known from the Intelligence report submitted and from the behaviour pattern of smugglers that this year there will be 200 tonnes of contraband gold which might be smuggled. What is the good idea of keeping this repealing Act pending?

There were two committees which recently went into it; the latest one was the Rangarajan Committee. There specifically all these points were dealt with and it was stated that if it is just repealed without the follow-up action it will only help the smugglers. The Government is in possession of those two reports. In those reports specifically suggestions are made that before repealing or immediately or simultaneously with the repealing an Act should be brought in so that the smugglers are not given complete freedom, a licence and a permit to take away the foreign exchange. If the loss of foreign exchange involved in 200 tonnes of contraband gold is computed, it will be an enormous loss. Therefore there should have been a follow-up action simultaneously.

As far as I remember, both these committees made specific recommendations in this regard. But after such a long time this bill has been brought. The idea is good, we welcome it because the small artisans should be helped—there is no doubt about. However where are the other supporting legislation?

Has the Government found out any scheme by which the small goldsmiths can legally purchase gold? No. There is no provision made. Therefore, though the Act is repealed they are in the hands of the smugglers and the internal production is very little as to cope up with the huge demand.

The second point is with regard to Non-Resident Indians. There is a specific clause given in the Rangarajan Committee report or the Dutt Committee report that when the NRIs come at the airport they will pay a sort

of duty and then they will be allowed to bring gold which they will be able to sell in the market at a specific rate given by the Reserve Bank of India. Or at the airport they can sell it to the RBI counter so that the gold comes in and so also foreign exchange comes. But no notification has been issued since the declaration made by the Finance Minister in the Budget Speech.

The third point is with regard to jewellery. Indian jewellery and Indian craftsmen are world famous. Many people are living on the jewellery business. It has really become a cottage industry and it can surpass any machinery. So far as jewellers are concerned, their export earning is potentially unlimited. One figure appears that if Indian could only achieve 5% share in the world jewellery sale estimated at 41 billion sterling, the country would be annually richer by Rs. 3500 crores in foreign exchange. But no direction has been issued as to how it will be done.

Such a huge potential of export of jewellery in 1989-90 was only to the tune of Rs. 275 crores. This year it is targetted at Rs. 500 crores. If the hon. Finance Minister would have brought in a substantive Act to protect these jewellers and also to allow legal gold to come in at the legal price the export of Indian made jewellery would have been Rs. 3500 crores. Instead of that, the expected figure is only Rs. 500 crores this year. Therefore, I ask what is the follow-up action taken by the Government and what is the reason for the delay since it was uttered in the House that the Act is going to be repealed. I don't know whether the Finance Minister has got the answers.

Immediately the big jewellers came to know that the Act is going to be repealed, ordered for import of machinery from Germany which will be able to produce any jewellery like computers. If you give a particular design, insert gold and stone setting—whether it is diamond or other settings—within ten minutes time the desired ornaments will come out. Is this beneficial to small goldsmiths? Therefore, the Rangara-

[Sh. Ajit Panja]

jan Committee and the other Committee recommended specifically that the import of these machinery must be banned by the Act or it must be stated that those who will be importing it will be subject to the provisions of Gold Control Act. That has not been done. Therefore, big jewellers have started importing machines. Already nine machines have come in, it will start functioning from tomorrow if today the Act is repealed. You are talking about small artisans, the small artisans would suffer and I can tell you who are the sufferers. (*Interruptions*) The record shows that there is a continuous increase of licensed gold dealers and also certified goldsmith. The number of licensed goldsmiths in 1988 was 15,713. In 1989 it became 16,704. The number of certified goldsmiths, in 1988 was 3,62,307. In 1989 it has gone to 3,75,792. All these people, along with their family will be in great peril. Unless tomorrow, if possible, some legislation is brought in by the Government stopping the import of machineries which produce the gold ornaments, the whole idea of repealing this Act that telling to the people that the small goldsmiths and artisans will be saved will be a complete nugatory. I donot question the purpose for which the Finance Minister said so. The purpose has to be served. Repeatedly the Committee said so. I hope within seven days time he will bring a legislation so that the poor goldsmiths are really saved and the smugglers are really contained.

SHRI G.M. BANATWALLA (Ponnani): Mr. Deputy Speaker, Sir, the proposal for repealing the Gold Control Act is a position proposal and a step in the right direction. But mere repealing, as has been pointed out, is not going to solve the problem. The problem is the acute shortage of this precious material and therefore, we have to see that some how or other the supply is increased. Unless and until the supply is increased, the problem will become aggravated and it will become more and more serious. I need not go through all the details as to the acute shortage of the material. The annual demand is to the tune of nearly 200 tonnes. But we have

supply of hardly 2 tonnes. According to an estimate, the yellow metal—this precious metal—is smuggled into the country to the extent of nearly 100 tonnes. (*Interruptions*)

SHRI AJIT PANJA: It is 200 tonnes.

SHRI G.M. BANATWALLA: So, the demand is to the extent of 200 tonnes; and the supply is only to the extent of 2 tonnes, leaving a great margin for smuggling of the precious metal because the price differentiation between the domestic and the international price is to the extent of 60 per cent. All these are matters which have to be taken seriously. It is very surprising that the Finance Minister has moved the Bill for repealing the Gold Control Act, without even giving the slightest indication of what supportive measures are being thought of. Nothing is there. You are, on the contrary, in a hurry. In a hurry to say that this a repealing Act—just repeal and let me go. That is the type of attitude. (*Interruptions*)

PROF. MADHU DANDAVATE: I had my say. The Chairman said, you can just move it for consideration. (*Interruptions*)

MR. DEPUTY SPEAKER: Mr. Dandavate, I have allowed you. You would have done that.

(*Interruptions*)

SHRI G.M. BANATWALLA: The fact is that he has not indicated any supportive measure and has put the blame on the Chair. (*Interruptions*)

PROF. MADHU DANDAVATE: If the Chair allows me, after you, I would remove that also. (*Interruptions*)

SHRI G.M. BANATWALLA: You still have a chance—while replying let us know as to what supportive action you propose to take. The intentions are very laudable to bring down the domestic prices and to contain smuggling into the country to help the small goldsmiths and artisans. All these intentions are very good. But then if you de-

license the trade and there are no supportive measures to increase the legal supply through level channels of this precious metal, then, on the contrary, not only will these objectives be defeated but greater and greater misery will be caused to the entire nation through rising prices and aggravation of the situation.

Since there is no time and we are all waiting for the Finance Minister to let us know what supportive measures he is taking to see that the laudable intentions of the legislation are fulfilled, I will conclude only by making a few suggestions. The necessity is to augment the supply of gold through legal channels.

Firstly, let there be relaxation of Baggage Rules in order to allow the incoming passengers to bring a certain amount of gold.

Secondly, in the case of non-resident Indians, allow repatriation of their savings or part of them in gold. Necessary rules can be fixed.

Thirdly, the Foreign Exchange Regulation Act may be amended in order to allow the import of gold at a modest duty ranging from 5 to 10 per cent ad valorem and so on and so forth.

Another point will be to decide about reviving your old practice of Janata Party Government of auctioning the confiscated gold. Think about it. Decide about it. What is wanted is that the entire Gold Policy be changed. Only then and then alone, we will be able to achieve the various objectives. Indeed the repealing of the Act will give a boost to the export of gold jewellery for which there is an expanding world market and India has only a fraction of a share in it. But the need, however, remains that is to revise the Gold Policy and accordingly come out expeditiously with the necessary order or legislation to that effect.

[*Translation*]

SHRI GIRDHARI LAL BHARGAVA (Jaipur): Mr. Deputy Speaker, Sir, I will take two minutes only. The hon. Finance Minister has brought in the Gold (Control) Repeal Bill in the House which aims at repealing law enacted 28 years ago in our country. I welcome this measure of the Finance Minister. In fact this Bill should have been brought before the House much earlier. However, suggest that of should be circulated to elicit public a provisos. It has come now, though belated better late than never. it is a measure in the right direction and for this the hon. Finance Minister deserves congratulations. I would like to mention that with the enforcement of Gold (Control) Act in the country, the goldsmiths had to acquire 36 different types of licenses. Then alone could they continue their trade. They will feel relieved with the passage of this Bill. I have seen it for myself and I have got a license too here with me. The goldsmiths display different types of licenses in their shops in a manner the portrait of Gods and Goddesses are displayed on the walls of a shop. They will be relieved of this burden now. I, therefore, welcome and support this decision of the Government. Secondly, I would like to state that the business of the goldsmiths had come to a standstill since the day of enforcement of the Gold (Control) Act in the country. The Government of India spent Rs. 15 crore, for rehabilitating them but this could not improve their condition and most of them were arrested for not being able to repay their loans. The property of many goldsmiths, was attached and warrants issued in their names. One of our hon colleagues was referring to Janta regime just now. He will feel pleased to note that the then Finance Minister of the Janata regime, Shri Satish Chandra Aggarwal, wrote off the rest of blacksmiths loans amounting to Rs. 5 crores left unpaid in 1978-79, out of Rs. 15 crore distributed 10 them for the purpose of their rehabilitation. This was a great gift of the Janata Party regime and you should not forget it. I would, therefore, like to know whether there is still any goldsmith left realising under the burden of a loan and if there is

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one, his loan should be waived off. I would also like to know whether the state Governments are claiming the refund of loans from the goldsmiths even after they have been written off? This aspect should be paid attention to. An important suggestion I would like to make is that in case the small and marginal goldsmiths have been arrested for violating Gold (Control) Act and civil suits are filed against them, they should be withdrawn.

MR. DEPUTY SPEAKER: Mr. Bhargava, you are devoting from the subject

SHRIGIRDHARILAL BHARGAVA: Mr. Deputy Speaker, Sir, I am your follower and take very less time. I have had a fascination of debating the Bill. I have often been speaking on such subjects in Rajasthan Legislative Assembly. That is why I am talking a little more time I would like to submit that such civil cases lodged against the gold smiths should be withdrawn after charging some amount by way of compound fee from them.

Sir, I would like to after two more suggestions. The Government should give special doles to rehabilitate those goldsmiths who were forced to give up their hereditary provisions under the pressure of the dissymetry of this Gold (Control) Act and, again, compensation should be given to the next of kin of those goldsmiths who committed suicide because they could not stand the starvation forced by the Act. The Government has itself conceded that this Bill did not succeed in achieving its objectives. The cases again if the goldsmiths who had to suffer losses due to technical snags should be withdrawn. Then, I would like to submit that India produces, only 2 tonnes of gold against the requirement of 150-175 tonnes per annum. This production of gold should be subjected to customs duty I would also suggest that the foreign exchange reserve should not be utilised for importing gold.

Thirdly, I would like to suggest that private tourists and NRIs coming to India should be given exemption to bring gold with

them after collecting import duty from them. This factory should also be extended to relatives of the people of India, when they visiting the country. Similarly gold seized from the smugglers should be auctioned. Finally, I would like to suggest that incentives should be given for exporting gold ornaments.

Mr. Deputy Speaker, Sir, once these facilities are extended, I am sure, it will benefit 5 lakh goldsmiths and another 20,000 people engaged in the trade in the country. I am sure that the hon. Minister of Finance will accept my suggestions. I withdrawn my Motion which I had moved to elicit public opinion on this Bill.

20.33 hrs.

[SHRI NIRMAL KANTI CHATTERJEE *in the Chair*]

[*English*]

SHRI P.C. THOMAS (Muvattupuzha): Sir, I am not speaking.

[*Translation*]

SHRI DAU DAYAL JOSHI (Kota): Mr. Chairman, Sir, in brief I would like to submit that people's craze for gold has not so far diminished in the country. in the circumstances the Hon. Minister of Finance had done a great service to the nation by bringing forward a legislation to repeal the Gold (Control) Act. I would like to express a lot of thanks to the hon. Minister for this. Earlier when the Act was in operation people used to give gold of 15-16 carat's in place of 22 carats surreptitiously during marriages test they may be caught by the controlling authorities. People used to do such things under fear. It was an injustice with the people. Sir, even after the Act was repealed, the Revenue Collectors and Excise collectors are visiting the Goldsmith shops in the mandis, checking their registers and putting their signatures in them. You will be surprised to know even in small gold mandis, these offices of the Ministry of Finance tak-



ing bribes to the order of Rs. 25,000 per months regularly. These officers continue to collect this money even today. I would, therefore, like to request the hon. Minister of Finance to stop this malpractice totally in view of the fact that the said. Act has since been repealed. Finally, I would like to submit the exemption must be gives on import of gold. A person returning from a foreign tour should be allowed to bring a maximum of 7 Mas of gold with him.

Thirdly, I would like to say these Indian jewellery is being exported to different parts of the word.

Sunset jewellery of gold is made in Ahmedabad in Gujarat. I would, therefore, request to set up a jewellery mandi in Gujarat and a diamond mandi at Jaipur. Ahmedabad may also please be developed into a jewellery mandi so that export of gold ornaments could be augmented.

SHRI HAMENDRA SINGH BANERA (Bhilwara): Mr. Chairman, sir the Government took a welcome step by repealing the Gold (Control) Act. The modern economic system disputes people's craze for gold, but in our counter the conservative people still have a craze for gold. Through you, I would like to tell the hon. Minister of Finance that crores of farmers in the country keep at least 2-4 tolas of gold just as a security measure so that it could be helpful to them under some emergent situation. Now a days the quality of gold ornaments in the markets is not good. The farmers purchase them in the belief that it is pure but when he goes to the market to sell the same gold under some emergent situation, he gets half of the original price. I would like to know as to what rules are being made for the benefit of the crores of farmers for their safety. It is my submission to your.

[English]

SHRI BALGOPAL MISHRA (Bolangir): I would like to know whether after repealing this Act, you are going to take action against those who had kept more gold in contravention of the Gold Control Act.

PROF MADHU DANDAVATE: Sir, very briefly I will try to reply to some of the points that have been made.

I was not only surprised but I was deeply pained at the remark made by my friend Shri Ajit Panja that I have actually introduced this repeal Bill rather late in order to help the smugglers.

SHRI AJIT PANJA: I did not say that. What I said was that because of the delay on the part of the Government, the smugglers have been helped. Personally, I have got the greatest regards for you.

PROF. MADHU DANDAVATE: All right; my misunderstanding has been removed. Even if it is construed that as a result of this, the smugglers might have been helped, I would like to point out to this House that this Bill was introduced by me in the House as far back as 24th April, 1990, but because of commotion in the House on a number of issues, everything else got priority and gold got in the background and that is why my Bill was receded in the background, otherwise I was very keen. In between, fortunately or unfortunately, I had to go for a week to Washington for IMF conference. Nobody will construe that in order to have a link with international smugglers, I had gone there... (Interruptions). But anyway, as I said, we had brought forward this Bill earlier, but because of the exigencies of situation, this got relegated into the background.

I have carefully gone through both the reports. You referred to only one report, the Rangarajan report; there is another report also, the Dutt Committee report. I have gone through both these reports and have also listened to the suggestions that you have made. If you have seen my Budget speech, in that speech itself, I had thrown one or two suggestions and one of the suggestion is what Shri Panja has said. I had said in my speech that there are both the aspects of this problem; that whether we allow the NRIs and tourists to bring a small quantity of gold, allow a certain foreign exchange duty to be imposed and where they come back here,

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certain amount of transactions could be allowed. All those problems I had already posed and I had sought the opinion of many Members in this House. We have already got opinions of a number of Members. We will act on it. For that no legislation is necessary. As a former Finance Minister, you know that can be done through government order Notifications. That is one aspect.

There is another aspect that has been raised and that is, as a result of this, the gold prices have gone up. Actually I may indicate to the House that before the Budget, the difference between the prices of gold in the country and that abroad, that is international prices, was of the order of 55 per cent. Now, that has gone up to 71 per cent. He rightly raised a question of smuggling. What concrete steps should be taken? If you recall, that in 1963, in the wake of Chinese aggression, under the Defence of India rules, for the first time, gold control was introduced. That was legislated in 1968 when Morarji Bhai Desai brought this Gold Control Act. I am very happy that the very Author of that Bill, was the first to send me the telegram of congratulations. He said: "After the Chinese aggression, in a particular situation that Gold Control act was inevitable. But it has outlived its utility and therefore, it has to be repealed. It is good that you had so much courage in your hand repeal it." He is congratulating me for that. But, after that, certain steps are necessary. We shall take concrete steps. One of the suggestions was the one which you mentioned here. Another suggestion is that in order to reduce smuggling, what is to be done? it is true that when originally the Gold Control Act was conceived, it was expected that under the provisions of that Act, we should be able to curb smuggling in the country. But if you, as a former Finance Minister go through the statistics of the smuggled gold that was caught hold of, this House will be surprised to know that a major quantity of smuggled gold that was caught and seized was not seized under the Gold Control act, but that was done under the Customs Act. It will be the constant endeav-

our of my Government to strengthen the powers and methodology under the Customs Act to see that whatever mischief is done in the field of smuggling, we will very ruthlessly deal with them. We will try to reduce the smuggling to a maximum extent. One of the reasons why smuggling takes place is the differential between the international prices of gold and the indigenous prices of gold. Secondly, the differential between the amount of gold that is available. It is estimated that underground gold is of the order of 25,000 tonnes to 50,000 tonnes. That is to be checked. One of the reasons is this. What is the total gold that is available? The estimate of demand of gold is 200 tonnes in India. Two tonnes are only locally produced, as you rightly said. 50 tonnes are re-cycled and only 52 tonnes are available. Whereas requirement of demand is of the order of 200 tonnes. Therefore, this gap is to be closed. We will also take cognisance of this and take necessary steps. Thirdly, as far as small goldsmiths are concerned, the maximum beneficiaries of this particular abolition is not the big traders in gold but it is the small goldsmiths who were harassed by the Government inspector. They were subjected to corruption. No inspector has gone back from a goldsmith without taking Rs. 2000 to RS. 3000 at a time. In addition, as Mr. Bhargava has rightly pointed out, they were subjected to loopholes. You will be happy to know that the Central Government has already decided that those small goldsmiths as a result of the impact of the previous Gold Control Act actually became the debtors and a scheme that is there is that there will be a compensation machinery which we will assist the State Governments and whatever loans they had taken, their loan will be compensated by the Centre with the help of the subsidy and compensated by the Centre with the help of the subsidy and compensation given to the State Governments. That we will take. We will try to protect their interests. We will also see to it that as a result of this, the employment potential of the small goldsmiths will go up. Secondly, we will try to check smuggling. All possible small technologies will be made available to the small goldsmiths so that they can augment

their production. Thirdly, at the time when we require foreign exchange reserves, we will try our best to see that exports of gold jewellery are also augmented.

And lastly, unfortunately or fortunately, in this country gold is not an essential commodity. The poor man does not need gold as an essential commodity; and, therefore, we will not treat gold on par with essential commodities which are to be subjected to a control order. We will take precautions about it.

We will take cognisance of various suggestions made here in the House, and also the suggestions made by the Rangarajan Committee and the Datta Committee. WE will take follow-up action, so that we will be able to ensure that no vacuum is created after the repeal of the act, and the economy of the country does not suffer.

I appeal to all Members who have moved their amendments to withdraw their amendments and see that the entire Bill is passed unanimously.

SHRI AJIT PANJA: What about the import of machinery?

PROF. MADHU DANDAVATE: I have seen that. (*Interruptions*)

SHRI AJIT PANJA: West Bengal has made an appeal to you personally. (*Interruptions*)

PROF. MADHU DANDAVATE: In the meantime, in the interregnum, if at all machinery has come from outside, which will be advantageous only to being wholesalers and manufacturers, we will see to it that that effect is neutralized by trying to see that we do not allow such a machinery to come. On the contrary, we will give a small, appropriate technology to the small goldsmiths so that it is they who gain by this measure, and not the big manufacturers. That will be our objective.

[*Translation*]

SHRI GIRDHARI LAL BHARGAVA: I will draw my amendment.

[*English*]

SHRI DAU DAYAL JOSHI (Kota): I also withdraw my amendment.

MR. CHAIRMAN: Do these hon. Members, Shri Bhargava and Shri Joshi have the leave of the House to withdraw their amendments?

SEVERAL HON. MEMBERS: Yes.

*Amendments Nos. 1 and 2 were, by leave, withdrawn*

MR. CHAIRMAN: The question is:

"That the Bill to repeal the Gold (Control Act, 1968, be taken into consideration"

*The Motion was adopted.*

MR. CHAIRMAN: The House will now take up clause-by-clause consideration of the Bill. There are no amendments.

MR. CHAIRMAN: The question is:

"That Clause 2 stand part of the Bill.

*The Motion was adopted*

*Clause 2 was added to the Bill*

MR. CHAIRMAN: The question is:

"That Clause 1, Enacting Formula and the Long Title stand part of the Bill."

*The Motion was adopted.*

*Clause 1, Enacting formula and the Long title were added to the Bill.*

PROF. MADHU DANDAVATE: I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: The questions is:

"That the Bill be passed."

*The Motion was adopted.*

20.47 hrs.

CONSTITUTION (SCHEDULED CASTES)  
ORDERS (AMENDMENT) BILL

**As passed by Rajya Sabha**

MR. CHAIRMAN: Now Shri Ram Vilas Paswan.

SHRI K.S. RAO (Machlipatnam): We will take it up tomorrow.

[*Translation*]

THE MINISTER OF LABOUR AND WELFARE (SHRI RAM VILAS PASWAN): I am only moving the Bill today. It will be included in tomorrow's list of Business.

[*English*]

MR. CHAIRMAN: What we can do is this. Let him move it. ... (*Interruptions*) ... Let him move the Bill. It is not yet late for you.

SHRI HARISH RAWAT: It should be concluded within five minutes.

[*Translation*]

SHRI RAM VILAS PASWAN: I beg to move:—

"That the Bill further to amend the Constitution (Scheduled Castes) Order 1950 and the Constitution (Scheduled Castes) (Union Territories) Order, 1951 and to amend the Constitution (Jammu and Kashmir) Scheduled Castes Order, 1956, the Constitution (Dadra and Nagar Haveli) Scheduled Castes Order, 1962, the Constitution (Pon-

dicherry) Scheduled Castes Order, 1964 and the Constitution (Sikkim) Scheduled Castes Order, 1978, as passed by Rajya Sabha, be taken into consideration."

Mr. Chairman, Sir, since this bill was included is today's list of business of approved by the Business Advisory Committee, it could have been passed today, but it is too late now. This Bill pertains to extend facilities of reservation to neo-buddhists. When the hon. Members could take so much pain to sit upto this late hour, they could sit for another 15-20 minutes and participate in the process of passing the Bill. The Bill has been unanimously passed by the Rajya Sabha. Since it is the Baba Saheb Ambedkar's birth centenary year, it will be highly sacred work pass such a Bill. For this purpose hon. Members from any side.....

[*English*]

SHRI K.S. RAO: Let the Hon. Minister move the Bill. The speech can be made tomorrow.

MR. CHAIRMAN: Now, are you in a mood to have it passed, or not? (*Interruptions*)

SHRI HARISH RAWAT: Let the hon. Minister just say, 'I move the Bill.'

[*Translation*]

"We will listen to the hon. Minister.

[*English*]

MR. CHAIRMAN: He will make the submission tomorrow. But let him speak for a few minutes.

After that, with your permission, I will call upon one member to speak. He will speak for two or three minutes.

(*Interruptions*)

SHRI K.S. RAO: No.