

473 *Call Attention Alleged violation of* VAISAKHA 5, 1912 (SAKA)

FERA by 474
Exp. Group cos.

12.55 hrs.

[English]

[MR. DEPUTY SPEAKER *in the Chair*]

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

Alleged violation of Foreign Exchange Regulation Act and various Tax Laws by the Express Group of Companies

SHRI HARISH RAWAT (Almora): Mr. Speaker, Sir, I call the attention of the hon. Minister of Finance to the following matter of urgent public importance and request that he may make a statement thereon.

"Alleged violation of Foreign Exchange Regulation Act and various Tax Laws by the Express Group of Companies and action taken by the Government in the matter."

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): Sir, My attention has been drawn to the alleged violation of FERA and various tax laws by the Express Group of Companies. A number of such alleged violations have come to the notice of the Government and appropriate action under relevant laws has been initiated in respect of all of them by the concerned authorities. In order to save the time of the House, I lay two statements giving details of the various alleged infringements of law, the action taken thereon and the stage where the matter rests at present. These statements will show that all cases have been pursued by concerned authorities under relevant provisions of law.

2. It is our consistent policy that economic and tax laws should be enforced not only without fear or favour but also without any vindictiveness, and I may assure the House that the Express Group of Companies will be no exception.

STATEMENT-I

Indian Express Group-Investigations Under FERA

| S.No. | Brief Description of the violations | Amount involved | Action taken | Present Position |
|-------|--|-----------------|--|--|
| 1 | 2 | 3 | 4 | 5 |
| 1. | M/s Indian Express Newspapers (P) Ltd., imported scanner machine from M/s. Dietrich Kunhe of Germany at declared value of Dem 1,36,000. It was alleged that import was under-invoiced and the difference between the actual price and the declared value amounting to about DM 1,49,900 was paid through unauthorised channels in contravention of sec. 8 (1) of FERA 1973. Accordingly, a show-cause-notice was issued to M/s. Indian Express, Shri R.N. Goenka and others. (SCN. T-4/256-D/87, dated 20.10.87. | DM 1,49,900 | Case has been adjudicated Vide order dt. 7.11.89. imposing penalties of Rs. 13 lakhs on Indian Express, Rs. 3 lakhs on Shri R.N. Goenka and Rs. 2 lakhs on others. | Appeals have been filed by Indian Express and Shri R.N. Goenka on 21.12.1989 before FERA Board which are pending |
| 2. | Out of the differential payment of DM | Rs. 90,000 | | |

| S.No. | Brief Description of the violations | Amount involved | Action taken | Present Position |
|-------|---|-----------------|--|---|
| 1 | <p>2 1,49,900 as mentioned above, an amount of DM 22,450 was paid in Indian Rupees (equivalent amount being Rs. 90,000) to M/s. Process Instrumentation by Indian Express on behalf of Dietrich Kuhne of Germany. Accordingly, show-cause-notice under sec. 9(1)(f)(i) of FERA 1973 was issued to Indian Express, Shri R.N. Goenka and others. (SCN T-4/462-DZ/87-DD Dated 30.10.87).</p> | 3 | 4 | 5 |
| 3. | <p>It was alleged that in connection with the import of machinery from M/s. Chemco Susters New York in order to avoid cancellation of contract for supply of the machinery, Indian Express made payment of US \$ 2 lakhs through Dr. Eriner of Switzerland in violation of Section 9(1)(a) of FERA, 1973. Accordingly, a show-cause-notice was issued to M/s. Indian Express,</p> | US \$ 2,00,000 | <p>Case has been adjudicated vide order dt. 27.12.88 imposing penalty of Rs. 6 lakhs. On Indian Express.</p> | <p>Appeal has been filed before FERA Board by Indian Express & Shri R.N. Goenka on 8.2.89 which is pending. and Rs. 1 lakh on</p> |

| S.No. | Brief Description of the violations | Amount involved | Action taken | Present Position |
|-------|--|-----------------|--|---|
| 1 | 2 | 3 | 4 | 5 |
| | Shri R.N. Goenka and others. (SCN. T-4/256-D/87(SCN-II), dated, 18.2.88. | | | Shri R.N. Goenka. |
| 4. | It was alleged that Indian Express paid Rs. 17,50,000 to M/s. S.L. Kulkarni of Bombay on behalf of M/s. Harris Marinoni, France in connection with the import of printing machinery for which down payment was required to be made to M/s. Harris Marinoni. Accordingly, show-cause-notice for violation of sec. 9(1)(d) & 9(1)(b) was issued to M/s. Indian Express and M/s. S.L. Kulkarni. (SCN. T-4/72-B/88-SCN. I, dated 31.5.1988). | Rs. 17,50,000 | Case has been heard. | The matter is being processed for completion of adjudication. |
| 5. | It was alleged that M/s. Traders (P) Ltd., Bombay, an associate concern of Indian Express, imported printing machinery from Hong Hua, Taiwan of a printing speed less than what was declared at the time of import. Accordingly, a show-cause-notice | US\$ 6.78,020 | Part replies to the show cause-notice have been received which are being examined. | Adjudication Proceedings pendings. |

| S.No. | Brief Description of the violations | Amount involved | Action taken | Present Position |
|---|-------------------------------------|-----------------|--------------|------------------|
| 1 | 2 | 3 | 4 | 5 |
| <p>was issued for violation of Section 8(3) read with 8(4) of FERA, 1973 to M/s. Traders (P) Ltd., Bombay Shri R.N. Goenka and others. (SCN. T-4/72-B/88(SCN-II), dated 13.6.1988).</p> | | | | |

CUSTOMS ACT

| S.No. | Brief description of alleged violation | Amount involved | Action taken | Present Position |
|-------|---|--|--|--|
| 1 | 2 | 3 | 4 | 5 |
| 1. | M/s. Indian Express News-papers (Bombay) Pvt. Ltd. Bombay. A show cause notice was issued on 5.10.87 by Collector of Customs, Delhi to M/s. Indian Express, Newspaper (Bombay) Pvt. Ltd. Bombay for under-valuation in respect of Dr. Hall's Scanner imported and installed in Delhi. The party has been charged with evasion of duty | Duty evasion of Rs. 7.72 lakhs and scanner valued at Rs. 26.16 lakhs liable to confiscation. | Show cause Notice issued. Prosecution filed in Delhi before Chief Metropolitan Magistrate on 19.10.87. | The date of hearing before the Collector on Customs is yet to be fixed. It is awaiting the results of civil writ petition No. 433 of 1989 filed by Mrs. Renu Sharma and others. Prosecution pending. |
| 2. | M/s. Indian Express News-papers (Bombay) Pvt. Ltd. A Show Cause Notice was issued by Collector of Customs, Bombay on 19.10.87 to M/s Indian Express | Equipment valued at Rs. 2.82 crores liable to | Show Cause Notice issued. Prosecution | Bombay High Court by an order dated 5.2.1990 has been stayed further proceedings pending before the Collector of |

| S.No. Brief description of alleged violation | Amount involved | Action taken | Present Position |
|--|---|--|--|
| 1 | 3 | 4 | 5 |
| <p>Bombay (Bombay) Pvt. Ltd. Bombay for M/s. Andhra Prabha (Pvt.) of photo-composing equipment imported by them in Ltd. Hyderabad 1983. The parties have M/s. Indian Express been charged with evasion (Madurai) Pvt. of duty. Ltd. Madras</p> | <p>confiscation and duty evaded to the extent of Rs. 75.09 lakhs to be recovered.</p> | <p>filed on 26.10.87 in the court of Additional Chief Metropolitan Magistrate Bombay.</p> | <p>Customs. Prosecution case is in progress.</p> |
| <p>3. M/s Indian Express News papers(Bombay) Pvt. Ltd Bombay. A Show cause Notice was issued by Collector of Customs (Airport) Bombay M/s. Indian Express Newspaper (Bombay) Pvt. Ltd. Bombay for under invoicing of photo composing equipment imported in 1987 and valued at Rs. 96,41,859/- and duty evasion</p> | <p>Duty evaded to the extent of Rs. 34,35,448/- on photo composing equipment value at Rs 96,41,859/-.</p> | <p>Show cause Notice issued Prosecution filed on 5.9.89 in the court of Chief Metropolitan Magistrate, Bombay.</p> | <p>The party has replied to Show Cause Notice. The Hon'ble Bombay High Court has, by an order dated 5.2.90, stayed further proceedings before the Collector of Customs, Airport Bombay. Prosecution Proceedings in progress.</p> |

| S.No. | Brief description of alleged violation | Amount involved | Action taken | Present Position |
|-------|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 4. | <p>M/s. Traders Pvt.Ltd. Bombay has been issued by M/s. Indian Express (Madurai) Madras to M/s Traders Pvt. Ltd. Madras Pvt. Ltd. Bombay for misdeclaration of the speed of web off-set printing machines. The parties has been charged with evasion of duty.</p> | <p>Duty evaded to the extent of Rs. 29 lakhs to be recovered and misdeclared printing machines liable for confiscation.</p> | <p>Show Cause notice issued. Prosecution filed in the court of Chief Metropolitan Magistrate Madras on 16.10.87</p> | <p>The case has been adjudicated by Collector of Customs, Madras. Extra duty amounting to Rs. 29 lakhs demanded from the party has been confirmed. The machines have been ordered to be confiscated and released on a redemption fine of Rs. 1.12 lakhs per machine (a total of Rs. 15.68 lakhs) Penalty of Rs. 10 lakhs has been imposed on M/s Traders P.Ltd. the order has been quashed by the High Court with liberty to the Collector to adjudicate the matter</p> |

| S.No. Brief description of alleged violation | Action taken | Present Position |
|--|---|--|
| Amount involved | Action taken | Present Position |
| 1 | 4 | 5 |
| <p>5. M/s. Indian Express News-Papers (Bombay) Pvt. Ltd. Bombay.</p> <p>A Show cause notice was issued on 15.6.89 by Collector of Customs (Airport) Bombay to M/s. Indian Express Newspaper (Bombay) Pvt. Ltd. deliberate misdeclaration of value in respect of Linotron spare parts imports by them. In two consignments the value declared was approx. Rs. 31,000/- whereas the correct value was approx. Rs. 3,97 lakhs. Party has been charged with evasion of duty.</p> | <p>Duty evaded to the extent of Rs. 4.35 lakhs on spares parts to be recovered and goods valued at Rs. 3.97 lakhs liable to the confiscation.</p> <p>Show cause notice issued on 15.6.89.</p> | <p>afresh. Prosecution is in progress.</p> <p>Hearing to be fixed.</p> |

STATEMENT-II

Statement Showing action taken during 1989-90 on direct taxes violations

| S.No. | Name of assessee and asst. year | Brief Description of alleged violation | Amount involved | Action taken | Present Stage |
|-------|--|--|-----------------|--|--|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1. | Indian Express Newspapers (BOM) Pvt. Ltd., Bombay. | (i) Manipulation in news print consumption account by making debits. | Rs. 55,32,979/- | Reassessment completed disallowing the national debit Penalty Proceedings initiated for concealment of income. | Reassessment done in March, 1990. Penalty proceedings pending. |
| | Asst. Yr. 1982-83 | (ii) Advancing of borrowed funds to sister concerns | Rs. 22,23,010/- | Interest liability of Rs. 22,23,010/- disallowed in | As above. |

| S.No. | Name of assessee and asst. year | Brief Description of alleged violation | Amount involved | Action taken | Present Stage |
|-------|--|--|------------------|---|---------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | without charging interest. | | reassessment. | |
| | | | | Penalty Proceedings initiated for concealment of income. | |
| 2. | Indian Express Newspapers (BOM) Pvt. Ltd., Bombay Asstt. Yr. 1987-88 | (i) Manipulation in newsprint account price difference allowed to sister concerns. | Rs 1,41,71,180/- | Assessment completed in March, 1990 making additions of the amounts amounts indicated in column 4 | |
| | | (ii) Debit of provision for newsprint loan returnable to sister concerns. | Rs 55,70,113/- | Penalty proceedings for concealment of income initiated. | |

| S.No. Name of assessee and assl. year | Brief Description of alleged violation | Amount involved | Action taken | Present Stage |
|---------------------------------------|--|-------------------|--|---------------|
| 1 | 3 | 4 | 5 | 6 |
| (iii) | Debit of provisions for customs duty and other statutory dues such as municipal taxes not allowable as per Sec. 43B of the I.T. Act. | Rs. 10,76,539/- | Assessment completed in March, 90 making additions of the amounts indicated in column 4. | |
| (iv) | Unsubstantiated purchase of newsprint. | Rs. 2,26,37,325/- | Penalty proceedings for concealment of income initiated. | |
| (v) | Non-crediting of advt. revenue to P&L A/C. | Rs. 1,18,45,895/- | | |
| (vi) | Advancing of borrowed funds to sister concerns without | Rs. 49,38,593/- | | |

| S.No. | Name of assessee and asst. year | Brief Description of alleged violation | Amount involved | Action taken | Present Stage |
|-------|---------------------------------|---|-----------------|--|---------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 3. | Traders Pvt.Ltd. A.Y. 1987-88 | charging interest. (i) Failure to offer to tax u/s41(1) of I.T. Act of customs duty provisions allowed as debit in earlier years, even after the liability has ceased. | Rs. 19,45,636/- | Assessment completed in March, 1990, inter alia, making additions of the amounts mentioned in col.4. | |
| 4. | Traders Pvt. Ltd. | (ii) Debit of provisions for statutory dues not allowable as per Sec. 43B of the I.T. Act. | Rs. 1,58,163/- | Wealth tax assessments for | |

| S.No. | Name of assessee and asst. year | Brief Description of alleged violation | Amount involved | Action taken | Present Stage |
|-------|---------------------------------|--|-----------------|--|---------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | Wealth tax | not in business use, not declared for taxation under Wealth tax Act. | | | |
| | Wealth tax | | | | |
| | Assessment Years | | | | |
| | 1984-85 | | Rs. 19,87,750/- | | |
| | 1985-86 | | Rs. 77,48,150/- | | |
| | 1986-87 | | Rs. 77,48,150/- | | |
| 5. | Express News-papers Ltd Madras. | (i) Bogus transactions in shares showing losses | Rs. 88,86,040/- | | |
| | | (ii) Income of benami concerns not disclosed in the returns | Rs. 11,29,541/- | | |
| | A. Yr. 1987-88 | | | all the three assessment years completed in March, 1990 making necessary additions to the net wealth. Penalty proceedings for concealment of wealth initiated under section 18(1) (c) of the Wealth tax Act. | |
| | | | | Assessment completed in March, 1990, inter alia making additions in respect of amounts mentioned in col. 4. | |

| S.No. Name of assessee and asst. year | Brief Description of alleged violation | Amount involved | Action taken | Present Stage |
|---------------------------------------|---|--|--|---------------|
| 1 | 3 | 4 | 5 | 6 |
| 6. | <p>(iii) Claim of interest liability on loans found to be nongenuine</p> <p>(i) Claim of bogus losses in share transactions.</p> <p>(ii) Claim of bogus speculation loss in share dealings.</p> | <p>Rs. 8,87,262/-</p> <p>Rs. 6,56,650/-</p> <p>Rs. 56,64,525/-</p> | <p>Penalty proceedings initiated for concealment of income.</p> <p>Assessment completed in October 1989, making necessary disallowances of the amounts indicated in Col. 4. Penalty proceedings initiated for concealment of income.</p> | |
| 7. | (i) Claim of bogus speculation loss in share dealings. | Rs. 30,25,550/- | Assessments completed in October 1989 disallowing the claim of loss of Rs. 30 Rs. 30,25,550/-. | |

| S.No. | Name of assessee and asst. year | Brief Description of alleged violation | Amount involved | Action taken | Present Stage |
|-------|---------------------------------|--|-----------------|---|---------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 8. | ACS Investments Ltd. | (i) Claim of bogus losses in Share transactions. | Rs. 38,850/- | Assessment completed in February 1990, making necessary additions in respect of amounts mentioned in Col. 4. Penalty proceedings initiated for concealment of income. | |
| | A.Y. 1987-88 | (ii) Unexplained credits claimed as genuine borrowings. | Rs. 62,30,000/- | | |
| | | (iii) Claim of non-genuine interest liability. | Rs. 8,22,890/- | | |
| 9. | Indian Express (MDU) Pvt. Ltd. | (i) Manipulations by making National debit to newsprint loan account. | Rs. 88,09,348/- | Assessment completed in March 1990 making additions in respect of the amounts mentioned in Col.4. | |
| | A.Y. 1987-88 | (ii) Debit of import duty payable-liaible for disallowance U/s. 43B of I.T. Act. | Rs. 2,11,598/- | | |

| S.No. Name of assessee and asst. year | Brief Description of alleged violation | Amount involved | Action taken | Present Stage |
|---------------------------------------|---|-----------------|--------------|---------------|
| 1 2 | 3 | 4 | 5 | 6 |
| | (iii) Provision for Sales Tax debited to P&L A/c. disallowable U/s 43B. | Rs. 5,06,836/- | | |
| | (iv) Failure to offer to tax U/s. 41(1) of the I.T. Act of Customs duty provision allowed as debit in earlier years even as debit in earlier years even after the liability has ceased. | Rs. 44,58,044/- | | |
| | (v) Donation to a society not exempted U/s. 11 of the I.T. Act, wrongly claimed as business expenses. | Rs. 10,00,000/- | | |

| S.No. | Name of assessee and asst. year | Brief Description of alleged violation | Amount involved | Action taken | Present Stage |
|-------|---------------------------------------|---|-----------------|--|---------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 10. | Andraprabha Pvt. Ltd. A.Y. 1987-88 | (i) Manipulation in newsprint account-in transactions with sister concerns. | Rs. 21,31,845/- | Assessment completed in March 1990 making protective assessment in respect of the amount mentioned in Col. 4. the substantive assessment in respect of the said amount has been separately made in the hands of M/s. Indian Express (MDU) Pvt Ltd. | |

[Translation]

13.00 hrs.

SHRI HARISH RAWAT : Mr. Deputy Speaker, Sir, at the time of giving the notice for Calling Attention Motion, I was not aware of the serious irregularities committed by the Express Group of Companies with regard to FERA and other cases. I would like to thank the hon. Minister who has furnished more information than what we expected with regard to these widespread irregularities. The irregularities committed by the company is in volumes. Had these detailed information been made available to us a little earlier we could have, perhaps, drawn the attention of the hon. Minister to the irregularities, item-wise, in a far better way. Your statement and the information enclosed with it was received only half an hour ago. I would like to draw your attention and through you the attention of the hon. Minister to this fact. First of all the question was raised in this august House and in the Hall outside the House: Thereafter, it was said by the so-called Government spokesman—I am not aware whether the Government spokesman made a statement in an authenticated manner or leaked out any news—that the Deputy Prime Minister has written a letter to the Prime Minister in connection with various irregularities committed by Express Group of Companies and the Prime Minister forwarded that letter to the Finance Ministry for further investigation. Neither the Government duly refuted the statement nor confirmed it. Of course on 20th instant in a supplementary question when Shri Gadgil drew the attention of the Government towards the manner in which strict action is being taken by the Government against various companies for the irregularities committed by them and desired to know whether the Government would take action with the same promptitude against the Express Group of companies for the irregularities committed by them, on the basis of the letter written by the Deputy Prime Minister to the Prime Minister by the Government gave an affirmative reply.

It is a symbol of your courage. I have a word of praise for you for that, but in the reply the Government has nowhere said that any letter was addressed by the Deputy Prime Minister to the Prime Minister and the letter gave any directions to your Ministry. I would like to know if any letter from the Deputy Prime Minister was received by your Ministry through the Prime Minister in which you were asked to take prompt action against these companies. There are some reports in the newspapers about this letter and I have also seen some papers in this connection. It consists of two important points—one is about... (*Interruptions*)...

[English]

PROF. MADHU DANDAVATE: I rise on a point of order. Sir, the rules as well as the traditions of this House...

MR. DEPUTY SPEAKER: Are you referring to any rule? I can also see it.

PROF. MADHU DANDAVATE: Yes. I have got Shakhder's book here where a reference to convention, rulings, etc., has already been made. I will read out for your assistance, not guidance as in your room, I have to seek your guidance. this is page 990—"correspondence between Ministers":

"It follows from the principle of collective responsibility of the Council of Ministers to the Lok Sabha, that all communications between Ministers are regarded secret or confidential unless the Government itself decides to make any particular communication or part thereof public. The Government's right to decide what is secret or confidential and what should be laid on the table of the House is absolute. Even if a Minister quotes in the House from a document, he may refuse to lay it on the table of the House on the ground that its disclosure would not be in 'public

[Prof Madhu Dandaavate]

interest What constitutes 'public interest' would again be entirely for the Government to determine "

So, it is very clear A number of rulings have been given by the Speaker If one Cabinet Member writes a letter to another, even those Members who were formerly in the Cabinet and who are occupying these benches on the Opposition, will agree that this has been strictly adhered to and all the Speakers have ensured that these conventions and rules are not violated I would like that the same rule should be followed and you should give your ruling in the same direction

SHRI VASANT SATHE (Wardha) Sir actually this ruling does not apply to the points that we have raised Under the guise of saying that there is a communication between one Minister and another Minister let it not appear that there is something which the non Minister of Finance is going to try to avoid

Here the question is simple A Minister may write to B Minister We are not bothered about what love letter has been written The main question is What is the content? The question asked is "was that forwarded to the Finance Minister?" After all he gets to know something only by somebody bringing to his notice If the hon Prime Minister has forwarded a certain material to you to inquire into and look into all that you need to say is whether such an information is being looked into by you If you look you need not even refer to Prime Minister We do not mind it But you cannot avoid the fact that a certain thing has been brought to your notice The whole world knows who has brought what to the notice You need not avoid it and bring it under this ruling

PROF MADHU DANDAVATE Before

you give the ruling, I have no quarrel at all if he only makes the query whether the Prime Minister has sent a letter and that letter has been forwarded to you Because he has started referring to that, I only insist that the contents of the letter should not be touched If the query is there, I myself will reply I fully agree with Mr Sathe

[English]

SHRI VASANT SATHE. Then you stick to that The Prime Minister said something and you are saying something else (*Interruptions*)

PROF MADHU DANDAVATE Mr Sathe that is common sense I will reply to that I have no objection

[Translation]

SHRI HARISH RAWAT Sir, it is purely under your discretion as to whether you give a ruling or not with regard to the Prime Minister and the Deputy Prime Minister I wanted to invite the attention of hon Finance Minister towards the information leaked out to the press by a Government spokesman and which has already appeared in the newspapers I have not said anything about the content of the letter and secondly, I invited your attention to a reply given in reference to a question raised by an hon Member on 20th in which the hon Minister while admitting the receipt of the letter said that he would initiate speedy action Thus the hon Minister has already admitted the existence of the letter in the House on the 20th of this month That is why I deemed it proper to make a passing reference to that letter

MR DEPUTY SPEAKER He has said that

[English]

He is going to reply about the fact that whether the letter was written or not. But about the contents, he claims that the contents are confidential and in public interest, the Minister does not want to disclose them. He is well within his right not to disclose them. He says that he will reply about the letter as to whether it was written or not.

SHRI P. A. ANTONY (Trichur): Sir, this is an open Government. They are always prepared to accept our suggestions.

PROF. MADHU DANDAVATE: This is not so open that you rush in from one side and go out from the other side.

[Translation]

SHRI HARISH RAWAT: I have no objection. If this Government which claims to be an open Government to which the hon. Finance Minister is the greatest votary thinks that a letter written by one public servant to another public servant may pose danger to the Government.....

PROF. MADHU DANDVATE: No, there is no danger. The Government would last for five years.

SHRI HARISH RAWAT: If you think that the contents of the letter will really pose danger to the existence of the Government or you deem it necessary to conceal the contents, you are free to do so, you can also escape from giving a reply under the cover of the Rules and Regulation of the House but the whole country knows the contents of the letter already appeared in the newspapers. I do not know as to how far it is correct or not. It has been stated in the letter that the owner of the company tried to destabilise the country. It has also been stated that he has been carrying out this activity for a pretty long time. It has been further said that the person in

question was considered to be their benefactor but now he is proving himself to be a dangerous benefactor. He has been engaged in such activities of destabilising the country even now. This in itself is a very serious matter. The letter may have been written to the Prime Minister by a person other than the Deputy Prime Minister. Only you can know the reality. It has been alleged by the newspapers that he was involved in various financial irregularities. I am grateful to you that you have admitted of some facts of the case. One such case was of Catholic Syrian's Bank. This bank had sold shares of this company amounting to Rs. 4 crore during the period from 30-10-86 to 9-3-1987. This period may kindly be noted, despite the fact that this bank was not authorised to deal in shares. How was the deal made? No actual transaction was made but only manipulative transaction was made. This fact was disclosed in an enquiry made by the Income Tax Department. During the course of enquiry, it was found that these shares were never under the bank's custody, not even in Calcutta where it is situated. On the contrary, it has been stated by the Bank that these shares were under their custody. The persons whose shares claimed to have been sold by the bank were not living in Calcutta even, rather they were living in other States. The bank has stated that it incurred a loss of Rs. 84 lakh in selling the shares. what a naive argument has been advanced that the bank incurred loss in this deal to save this company! What sort of businessman they were? But all this gives rise to suspicion that this has been done with connivance of both these parties with an intention to evade tax amounting to crores of rupees. On suspicion of foul-play in the deal, the Income Tax Department initiated action in the matter. In order to nullify this action, efforts are being made to refer this case to the settlement Commission. Hon. Minister is well aware as to which kind of cases should be referred to the Settlement Commission. A company is authorised under the rules to approach the

[Sh. Harish Rawat]

Settlement Commission before the initiation of action against it. But it seems that there is a move to relax this rule for this company so as to enable it to approach the Settlement Commission and escape action initiated against it. The date mentioned by me is very significant and it can help the Income Tax Department in initiating action against them. I would like to know the circumstances under which rules are being relaxed and who are the persons putting pressure for it? Will you make the position clear in this regard? Will you assure that no concession will be allowed in this connection? This is not the only case. There are some other cases also. Last year, a top executive of this very company furnished some information to the Registrar, Newspapers which in turn passed it on to the Income Tax Department, which a note that several irregularities were committed in Newsprint transaction. When the matter was detected, efforts were made to hush it up. All this becomes clear from the fact, as mentioned by the hon. Minister in his statement that there were several such points which prove violations of the relevant rules. In fact, he has given details of such violations. Firstly, M/s. Indian Express Newspapers (Pvt.) Ltd. imported a scanner Machine from a German firm M/s. Dfietrich Kunhe at a value of D.M. 1,38,000. It was alleged that this import was under invoiced. The action was taken against it and the appeal is pending with FERA Board since 21.12.89. Secondly, it was alleged that in connection with the import of machinery from M/s. Chemco Systems, New York in order to avoid cancellation of contract for supply of the machinery, Indian Express made payment of US \$ 2 lakh through Dr. Eriner of Switzerland in violation of section 9 (1) (a) of FERA, 1973. This case is also pending with FERA Board since 1989. Thus a considerable time has elapsed and this Government which claims to be swift in its action has been unable to issue even a show-cause notice to the concerned parties

and initiate action against them. Thus there are many such cases, but I do not like to go into them as Shri Vasant Sathe and Shri Kumarmangalam will throw light in the matter in detail.

SHRI DAU DAYAL JOSHI (Kota): All these issues have already been discussed and I think there is no use in discussing it again.

MR. DEPUTY SPEAKER: No, no, it is not so.

SHRI HARISH RAWAT: Member is perhaps unaware of the fact that the matter was discussed in the House one and a half years ago and the then Finance Minister had given an assurance in this House. Now with the change of the Government, the thing has changed and a doubt has been created in the minds of the people in regard to that assurance because the owner of that company claims to be the creator of this Government and originator of the Janata Dal... (Interruptions)....

Mr. Deputy Speaker, Sir, I have said nothing in violation of the rule. In fact, I did not want to mention it earlier. I simply wanted to make mention of the irregularities only. But since my friend felt hurt, I wanted to explain it. Efforts are being made to slow down the pace of actions initiated so that the economic offenders may gain time and escape from punishment. It is a very serious allegation against Government. I would like that hon. Minister should give a statement in this regard.

There are many cases related to import of machinery by the company. In one of the cases, the C.B.I. initiated action under various sections of I.P.C. It was also discovered that advances were taken from the banks on machinery and newsprints which were not in godowns of the company, as a result thereof, banks suffered losses. Thus on this basis,

C.B.I. initiated action against them. Will hon. Finance Minister ask the Minister of Home Affairs to take up the issue with C.B.I. and bring it to its logical conclusion? I held hon. Minister of Finance in high esteem. He has too often stated that the Government would not hesitate in punishing the economic offenders whosoever they may be. He has asserted it in the House as well as outside the House. I would like to request you not to waste time in initiating action in all these irregularities. The officials should also be given adequate protection in carrying out investigation. I would appreciate if hon. Minister tells us something in this regard also.

[English]

SHRI P.R. KUMARAMANGALAM (Salem): Mr. Deputy Speaker, Sir, I was pleasantly surprised to see the Statement of the hon. Finance Minister Prof. Dandavate setting out the position which looks like or seems to be to the best of his knowledge. But what surprised me was to note that, as at the moment, there are five cases of violations under the Foreign Exchange Regulation Act. Under the Customs Act, there are another five cases. And under the Direct Taxes Act, there are ten cases. The total comes to twenty violations of serious nature. The Finance Minister, in his statement, has gone on record by stating that:

"It is our consistent policy that economic and tax laws should be enforced not only without fear or favour but also without any vindictiveness..."

I wonder without vindictiveness would ultimately mean the cover under which the tax evaders and violators will get off the hook. It is quite clear that even though many cases have been adjudicated and penalties have been passed, we are still not aware whether these penalties have been paid or whether they have been stayed.

Mr. Deputy speaker, Sir, in the first case-if you see the statement which has been given in connection with the Calling Attention-it is clear that the penalty that has been imposed on the *Indian Express* was of the order of Rs. 13 lakhs, on Shri R. N. Goenka was of the order of Rs. 3 lakhs and on others was of the order of Rs. 2 lakhs. The present position as stated, i.e. as on 21.12.89, is that an appeal has been filed before the FERA Board. That is right. One understands that an appeal is being filed. But the issue is, have they obtained a stay or have they paid the money? If they have not paid the money and have not obtained the stay, what actions are you taking to ensure that these penalties are recovered?

The other similar question that arises with regard to every single case where appeals have been made, i.e., where matters like Item No. 4, dealing with violations on the matter of import from M/s. Harris Marioni, France of printing machinery where Rs. 17,50,000 was involved is this. The notice, as I can understand from the file was issued some where in 1988. All that is being said is that a case has been heard and later the matter has been processed for completion of adjudication. I would like to ask specifically-especially in a matter that was raised in 1988-how long are you going to take to ensure that the adjudication is complete? I would also like to know with regard to violations under the Customs Act where the present stage has been invariably that prosecution is pending, writ petition has been filed, but nothing has been said there-whether in the writ petition, interim orders were obtained staying the prosecution or whether there has been any action whatsoever staying the quasi-judicial proceedings under the Customs Act. It is because a Show Cause Notice has also been issued. What is the status of that action?

Similarly, I would also like to know another thing. They say, in Item No. 2, that

[Sh. P.R. Kumar Mangalam]

Show Cause Notice has been issued, prosecution has been filed on 26.10.87 and then the Bombay High Court, by an order, has stayed further proceedings. On what have they stayed the further proceedings? May I know whether the proceeding which is pending before the Collector or the prosecution case? It looks like that the item which is pending before the collector, the *quasi-judicial* proceedings, that is stayed. Then, what is the position of the prosecution? Are you proceeding with it or are you dragging your feet? Unfortunately, if one looks at the statement which is made on the floor of this House by the hon. Finance Minister, one gets a very uneasy feeling that an attempt has been made to be frank, but in that frankness lies a certain amount of dubiousness.

PROF. MADHU DANDAVATE: At least, say reservation.

SHRI P. R. KUMARAMANGALAM: No, I would not say reservation. I have a lot of respect for you, Professor *sahib*. I know your intentions. I do understand your circumstances. After all, when someone claims to be your official organ, how can one really put them in the dock?

I would also like to bring to the notice of this House, that these are not the only violations that have come to the notice of the Government. There have been serious violations which involved newsprint, where newsprint allotted-imported- in order to ensure that the freedom of the Press is maintained, has been misused. I would understand if some casual, unknown, insignificant newspaper indulged in this exercise; but it shocks my conscience to note that a paper group which fights against its employees on the question of paying a fair wage to them and implementing an Award made, under Statute, by Mr. Bachawat-all of us are aware of that-where the employees have to

fight for their fundamental rights, we find this Paper Group making crores of rupees selling newsprint in black market. And some cases have been filed-what is normally said in our usual language, *naam ke vaaste*, just for name's sake, just to put on record that a case has been filed.

Of course, one understands the influence. Many of us, I can assure you, and many in this House are wondering: Should one really raise a finger at them or not; what are the consequences, and what are not the consequences? After all, the power of the pen in a democracy is often more powerful than the word in Parliament, because many a thing is said by the pen and the written word in a paper, where the printed words can often amount to libel, still they are not really brought to book. Of course, one knows that the person who has courage to stand up and criticise them or take action against them will land up in trouble. I think each one of us, all the three of us who have raised this issue are aware that we will become the victims in the paper soon. Somewhere or the other we will be picked upon and attempts will be made. But, Professor Sahib, I can assure you that there are many in this House, and I hope almost all the Members in this House will have the courage to stand up, including yourself, to possible blackmail.

Prof. Sahib, as I said in the beginning, I was pleasantly surprised to see your statement, that you at least could lay on the Table of this House what you know; but I would plead with you, in the hope that you are the same professor whom I have known for many years, and that you have not changed after becoming the Finance Minister, the same individual, that you would go into the matters in depth (Interruptions)...and really analyze-it is a hope; one always hopes; we are optimists. After all, optimism is the essence of life-not to be pessimistic. My friend Harish asked me, 'Really?'; so, I told him that I always believe that optimism is the best

thing in life. (*Interruptions*) He wishes to be a realist; but I wish to be an optimist. But my optimism is based on an analysis of the man I knew; and I hope I know.

Without taking too much time of this House, I would like to make only an important issue: one should not send signals from this House or from the Government or from anywhere, that anybody is above the rule of law. Anyone who has violated any provisions of the law that is laid down by the Statute and by customs and procedure cannot, just because he has one of the most powerful weapons in his hand, known as the newspaper, should be allowed to get off scot-free.

What surprises me is that in the case of FERA violations, the Report does not mention about prosecution proceedings. I do recollect that, when the present Prime Minister was the Finance Minister, he had taken very strong steps against those persons who had violated it. This included the Reliance group. I am not holding any brief for them. I wish they are also brought to book with an equally firm hands as Goenka is. I also do recollect that the present Finance Minister had stated categorically on the Floor of the House that this Government would not be a party to any misdeed. My request to the hon. Finance Minister is that he should inform us about the actual position in detail. We would like to know, not in a brief manner but with specific position, as to what action has been taken. Has the adjudication been completed? What action has been taken in respect of penalties which are due but not yet recovered? What action do you propose to take against other matters that have come to the notice of the Government after raids, enquiries and information received? We would be obliged if the law is really applied in the real sense of the term; and the term "vindictive" is not used to cover this up.

SHRI VASANT SATHE (Wardha): The

hon. Finance Minister has not yet been pleased to tell us whether he is looking into the correspondence which has come from the Prime Minister. I am obliged to invite his attention to certain specific matters which are related to the misdeeds of this group, and which need to be enquired into. What he has been kind enough to supply us is a tip of the iceberg, when we consider the reported irregularities. The Central Bureau of Investigation has filed a case against Goenka under Section 420 regarding cheating etc. The next Section is 477 regarding fraudulent cancellation, destruction of bills, etc. The next Section is 120(b) which relates to punishment or criminal conspiracy under IPC. A case was registered as back as in 1971 and the Supreme Court has been authorised to prosecute Mr. Goenka on charges levelled against him by CBI on November 21, 1986. No action has been taken in this respect so far. The Company Law Board had ordered an inspection of the Indian Express Newspapers Private Ltd. on December 3, 1987. The inspection disclosed contravention of Sections 209, 292, 297, 383A, 314, i.e. 309(1), 309(2), under the Companies Act, and the need for a thorough investigation into violation of not only the Income-tax Act, Wealth Tax Act but also the Foreign Exchange Regulation Act. The question is, what is being done.

The Indian Express Newspapers Private Ltd. is alleged to have made an unlawful gain of Rs. 28 crores, by building a 24-floor Express Towers at Nariman Point, Bombay, through which the Company earns an annual income of more than Rs. 3 crores-annual income-by way of rentals from big foreign companies and multi-nationals. No taxes have been paid. No taxes have been paid on this hidden income over the years. Will you kindly enquire into it?

I hope, Somnathji, you are not whispering something in favour of him.

SHRI SOMNATH CHATERJEE (Bolpur): I am only talking to my friend

SHRI VASANT SATHE: But the strangest thing is, here is a big magnate, running a chain of 12 newspapers, biggest in Asia as he claims, and yet, he says he is so poor that he cannot implement the recommendations of the Bachawat Award because he is not in a position to pay the employees!

Here is a magnate, who is known, having so many companies himself states that his real income is from real estate. Mr. Deputy-Speaker may bestow his attention.

AN HON. MEMBER: He is deemed to have heard.

MR. DEPUTY-SPEAKER: I do not have to hear. The Minister is here for replying.

Sir, he himself has admitted that his real income is from the real estate and not from the newspapers. And therefore, has an effort been made to find out what is his real income?

The Express group affairs with reference to published annual report and accounts from 1964-65 to 1970-71. The probability is that the group has been making very substantial investments into projects. purchase of IISCO shares and construction of the Express Towers. The total borrowing was done through public money.

SHRI RAM NAIK (Bombay North): That is not the subject here.

SHRI VASANT SATHE: The Calling Attention is about evasion of income-tax. Are you interested in defending him? This is amazing. I do not know. Are you defending the *Indian Express*?

I am asking only two questions I am entitled to ask questions. I am not asking so

many questions. I hope, I will not be stopped. I am not making a speech. The Group in maintaining Sterling account in London in violation of FERA.

Mr. Goenka himself has admitted having raised substantial credit from foreign nationals like Mr. Braiver of Sweden to buy machinery for Indian Express again still held against the Group for violation of FERA rules. A large number of newsprint cases with enormous profits to the Express Group were detected in recent years. The raid authorities themselves say that this is the biggest ever newsprint racket that was unearthed. No action has been taken. A fear was expressed by a very senior member of this Government that there is a likelihood of these cases being hushed up....(Interruptions)...

SHRI KALP NATH RAI (Ghosi): Deputy Prime Minister Mr. Devi Lal.

SHRI VASANT SATHE: I did not take the name. Mr. Dandavate can if he wants.

If the Minister were to say that he has received all these things, I will sit down because then he will enquire. But when he has not said so, it is my duty to bring this serious matter to his notice. I will finish my speech after saying one more thing.

MR. DEPUTY SPEAKER: May I say something to you?

SHRI VASANT SATHE: I know that.

MR. DEPUTY SPEAKER: Please bear that in mind.

SHRI VASANT SATHE: There was a precedent or a convention here.

Sir, the other day, the hon. Finance Minister while talking of BOB Fiscal said, any misappropriation deal questionable, colour-

able will not be allowed. He agree that no loss was involved. Here, a branch of a bank, unauthorized merchant bank, deal with shares. Do you know the extent, Sir—running into crores. At one go, this branch issued bogus certificates stating that the shares bought by Goenka group were in its custody and it also issued certificates to the purport, the total value of shares owned by Goenka was to the tune of Rs. 3,67,81,500. Is this a huge amount or is this a joke? This branch had further issued certificate to the purport. On order of Goenka, it sold the shares for the price of Rs. 2,83,56,750, thus incurring a loss of Rs. 84 lakhs deliberately and wanting to avoid income of Rs. 2.5 crores. How is this happening? This has never been known in the history of any merchant bank. On one single day, they had a transaction of 2,45,000 share scripts. The Finance Minister is an expert in this matter.....(*Interruptions*)

Therefore, I would like to know whether there was a total fraud, no transfer, no sale, no loss in the one day transaction of Rs. 85 lakhs. Sir, the Finance Minister himself has said that there will be no double standards. He has repeated that today. Here is a Finance Minister who comes from a great tradition, as you are aware Sir, of Ram Shastri Prabhune from Maharashtra..(*Interruptions*)...

[*Translation*]

AN HON. MEMBER: You are telling us about traditions or asking a question?

SHRI VASANT SATHE: It is beyond your understanding.

AN HON. MEMBER: Therefore, it is happening for the last two years. (*Interruptions*)

[*English*]

SHRI VASANT SATHE: I do not want a CBI enquiry, if you ask me.

[*Translation*]

SHRI KALP NATH RAI (Ghosi): He is correct. There is nothing wrong in it.

SHRI RAM NAIK: Truth must be said but it should be said on time.

SHRI VASANT SATHE: Now, I conclude.

SHRI DAU DAYAL JOSHI: Enquiry by C.B.I. has been conducted everything has been done. I do not want any other enquiry. I think, there is a CBI enquiry already.

SHRI RAM NAIK (Bombay North): On a point of order. Under the rules normally the first mover gets 10 minutes and the subsequent Member gets five minutes each. But, the hon. Member has already taken fifteen minutes. What is your ruling? ...(*Interruptions*)

MR. DEPUTY SPEAKER: I have already told him to be brief. What you are saying is correct.

[*English*]

SHRI VASANT SATHE: Sir, I would request the Finance Minister to personally look into all these allegations, that I have pointed out, and those contained in the letter. The tussle is between two king makers, one claiming to have made so and so the Prime Minister; other saying that he has actually done it. Now, one is complaining against the other king maker. I hope, the Finance Minister will personally look into the allegations and if tomorrow he declares that he is satisfied that Mr. Goenka is not guilty of all these offences that I have mentioned just now, I am willing to take his words and would trust this modern Ram Shastri Babu.

PROF. MADHU DANDAVATE: Mr. Deputy Speaker, Sir, I do not want to take shelter behind the limitation of time when such important issues are there. Though the time is fixed, I myself know when I was sitting on the Opposition Benches, it is a convention that if one is developing a point, time is

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allowed and you have rightly shown the indulgence and given them more time. I have no grouse. You may also show the same indulgence to me, Sir.

MR. DEPUTY SPEAKER: You were getting it when you were in the Opposition and you will certainly get it now also.

PROF. MADHU DANDAVATE: At least that is the heritage that is helping me.

Sir, I would once again like to draw the attention of the House and particularly Members who have tabled the call attention notice that the scope of this particular notice is limited. If they expand, give separate notice, send to us a lot of material and all sorts of alleged crimes that are supposed to have been committed, and it is about that they want us to hold an enquiry and come before the House, that altogether is a different problem. But, here I would read

"To call the attention of the Minister of Finance to the alleged violation of the Foreign Exchange Regulation Act and various tax laws by the Express Group of companies and the action taken by the Govt. in the matter"

I am not contradicting everything that you have said. Something has to be accepted

To start with, a question was raised, without going into the details and the content of the letter and the correspondence, whether I have received that letter. Since the Prime Minister also clarified that, I must state very clearly that when the Deputy Prime Minister wrote a letter to the Prime Minister, the Prime Minister promptly sent that letter to me and that letter is in my possession. But, as per the rules of procedure, the conventions and various rulings, I think Shri Sathe will agree. I will not go into the details of that letter. What is required is the substantive issue and that is what we are concerned with

As far as that letter is concerned, I have already mentioned about that. Now, firstly let me make it very clear, that sticking to the canvass of the call attention notice within the very short time at our disposal, what we consider to be within the ambit of this particular call attention notice, we collected all possible material and placed before you in a tabulated form. In fact, our friend who initiated the call attention notice, said that he did not expect this much material. I have given more than what he demanded. Do not have indigestion. Try to digest it. I wish to make it very clear on the basis of the tabulation that is given to you. We have given all the details.

In this tabulation we have given all the details—the item, what is the allegation, brief description of the alleged violation, amount involved, action taken, and the present position. If the hon. Members had carefully gone through this—and I think all the three Members have carefully gone through this tabulation—we have made two things explicitly clear because questions are asked by my friend, Mr. Kumaramangalam—is he there or gone? Oh, he is there. Doesn't matter, his better champions are there. Sir, as far as the questions are concerned... (*Interruptions*). Even Mr. Kumaramangalam would not take it derogatory. You do not unnecessarily get distressed. All right, if you are distressed, I withdraw that. Not prosecution, only this.

SHRI VASANT SATHE: Don't withdraw those prosecutions.

PROF. MADHU DANDAVATE: No, not at all. I am making it very clear, Mr. Sathe. I am more keen. What I have pleaded from that side, I stand on this side by the same premises. I would not change. I am the same person.

Whether in the Opposition or in the ruling party as the Finance Minister, that is immaterial.

As far as the position of various allegations and prosecutions is concerned, let it be very clear that all these issues were raised during the previous Government. The al-

leged violations were formulated, prosecutions were launched at various forums according to the issue concerned. For instance, if it is the violation of FERA, in that case it is the FERA Board that will take it up. As far as other issues are concerned, it will be the Metropolitan Magistrate who will take up the issue. And after these decisions are taken, there is also an appeal. Now it is the accepted practice that even when certain judicial forum has found out certain allegations to be correct and prescribed penalties, when the matter goes into the appeal, those who have been prosecuted or alleged of certain violations, they have the right to seek in the appeal what they consider to be justice. In almost all the cases which I have tabulated, I have made it explicitly clear as to where the matter is pending before which judicial forum the matter is pending. Most of these matters are pending before the courts. Secondly, as far as the prosecutions are concerned, I wish to make it explicitly clear and make it go on record that we do not want to intercept the judicial process at all and therefore, whatever prosecutions have been launched and the matter has gone into the appeal, Government on its own does not want to withdraw the prosecution at all. Let the law take its own course whatever be the consequences. That is the attitude of the Government and therefore we have not tampered with anyone of the cases. I wish to make it clear and make a categorical commitment to this House that there is no question of withdrawing the prosecutions.

The third point—and the very relevant point—that Mr. Kumaramangalam has raised is that according to the tabulation that we have given in some cases I need not mention all the cases because he himself has quoted them—certain penalties and amounts have been mentioned and the question is have the penalties been paid. The judicial procedure demands that those who have been penalised and have been asked to pay a certain quantum of penalty, they have the right to appeal, both in the case of FERA Board as well as in the case of the various courts. They have already made applications that pending the final decisions of the adjudicators or

of the concerned Board, they should be permitted to proceed with this issue and even demand from the court that the penalties which have been given, the decisions that have been taken, are not appropriate. I wish to make it clear that the Government believe in free judicial processes. We will not interfere with the processes and whatever be the decision of the court, if they say that even in spite of this, the penalty should be paid, we will decide the issue later on. Or if they say that let us go ahead with the problem, we will cross the bridge when we come to the bridge, we will accept that. Whatever be the pronouncements, we are accepting it. So, we have made our position explicitly clear as far as that is concerned.

Then, he raised another issue and that was that whether those officers in the previous Government—and many of them continue—and those who were responsible for making all the preliminary investigations, will be penalised, and because they were involved in the investigations, whether they would be harassed.

As a Finance Minister, I can give an assurance that those who are not found guilty of any manipulations or conspiracy and if in the strict discharge of the duties and instructions of the Minister, they acted, we are not going to harass them because they have only done their duty, because we will ask our officers to investigate into many affairs that have come to us and if we ask them to investigate—some might be investigating into bofors, some might be investigating into something else—into certain cases and later on if some other Government comes, let us imagine that it comes.

AN HON. MEMBER: We will come back.

PROF. MADHU DANDAVATE: All right, God bless you, and if at all it comes and if it tries to take vindictive action, there will be no continuity of the Government. Sir, that is one of the reasons why the Government of the U.K. has maintained the democratic traditions. Ministers may come and Ministers

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may go, Governments may come and Governments may go. But there is a certain element of continuity of administration. If one has over-reached the brief and done something manipulative, that is different. But in the usual discharge of the duties and instructions, if one has acted without violating the fundamental premise of Constitutional law, even if I give instructions to my officer. Which are violative of human rights, violative of Constitution, violative of law and if somebody does that and afterwards appearing before the Court claims that because Mr. Dandavate gave instructions like that, I don't think he can go scot free. I think in a Nuremberg trial. It had been established that those who are guilty of heinous crimes when they tried to tell the Nuremberg Court that they have done that but not done on their own,—they have violated human rights, they have committed crimes against humanity—but on the instructions of someone at the top they had done that, I think you yourself as a lawyer know that International Corpus has been suitably amended that unless on the ground that they have received instructions from the top, that cannot be done. So, Sir, we will not allow any officers harassed or dealt with only on the ground that in the previous regime he was asked to make the preliminary investigations and he did it.

Sir, in the course of the discussion, somebody also brought forward some extraneous issues. He said whether the Indian Express is our official organ. Let us separate the two things. The Indian Express as a journal and various alleged elements are altogether different. Since you have made the comments and you have referred to the Indian Express, let me tell you that not only the Indian Express but there are journals in this country which apart from technical violations or gross violations, might have committed violation. But there is a code of conduct and editors also have a tradition. I am associated with the freedom struggle and I remember those days in 1942 when there were atrocities in Midnapore. Dr. Shyama Prasad Mukherjee resigned from the Vice-

roy's Executive Council and focussed the issue of atrocities. So many details about atrocities came in 1942. There was a book called "India Ravaged". It gave all the details and even Dr. Shyama Prasad Mukherjee's letter to the Viceroy was also quoted. All of them were combined into that book called "India Ravaged" and overnight it was printed and it was sent abroad also. So, Sir, while we may take satisfaction in talking about Mr. Goenka in defamatory way, you remember that it was the same journal which was responsible during the freedom struggle in revealing all these things. During Emergency also many journals played their role and we are proud of it. But that is to be segregated from this. If you are going to refer to that particular aspect, we are not going to get embarrassed. I would like to separate the two. (*Interruptions*)

SHRI VASANT SATHE: Please do not compare Dr. Shyama Prasad Mukherjee with Mr. Ramnath Goenka.

PROF. MADHU DANDAVATE: You did not understand my point Mr. Sathe. You were my colleague in 1942 and if you remember, we praised Mr. Goenka and Pandit Nehru praised him after his release. He said that in an underground movement, this was a fine work that was done and it was good that even to the army men that particular book "India Ravaged" could reach. So, I am not comparing him with Dr. Shyama Prasad Mukherjee. Tomorrow, for instance, if I quote something from Mahatma Gandhi's Book which you have followed, it does not mean that I compare you with Mahatma Gandhi. (*Interruptions*)

14.00 hrs.

[*Translation*]

SHRI HARISH RAWAT: What do you want to convey by raving this?

[*English*]

PROF. MADHU DANDAVATE: I think the message has reached you. You need not

ask the question.

SHRI HARISH RAWAT: You are giving the message to someone else. (*Interruptions*)

PROF. MADHU DANDAVATE: Nothing. I don't need anybody mercy. In our 40 years; political life we have survived on our own, not with the crutches of any one and will not need them. Remember that. (*Interruptions*). Mr. Sathe, even before the BJP was born, I had quoted in this House and in Parliamentary Orientation courses, the manner in which Shyama Prasad Mukherjee has acted in this House and the manner in which Pandit Jawaharlal Nehru also responded to some of the actions of some. Shall I give you one instance? (*Interruptions*). Sir, please allow me. When Shyama Prasad Mukherjee was occupying a seat in this House... (*Interruptions*). Please, it is worthwhile listening to it. It is good for our tradition. When he was speaking in this House..... (*Interruptions*)

AN HON MEMBER: We do not want to hear. (*Interruptions*)

PROF. MADHU DANDAVATE: I am not guided by you. I am guided by the Chair.

Sir, I am quoting the tradition which will be useful for us as well as Members of the other side. There was one debate going on. Pandit Jawaharlal Nehru got up and he passed certain remarks against Shyama Prasad Mukherjee. He said: 'I hope we have a Prime Minister who believes in gentlemanliness.' Shyama Prasad Mukherjee kept quiet and continued to speak. After 10 minutes in this very House Pandit Jawaharlal Nehru got up and said, Mr. Speaker, Sir, after a second thought I felt that I ought not to have passed these remarks about Shyama Prasad Mukherjee. I may be permitted to withdraw my remarks and offer my unqualified apology. And what was the response of Dr. Shyama Prasad Mukherjee? He got up and said, 'Sir, the very thought that came to the mind of the Prime Minister that he ought not to have used these words is sufficient. He is

the Leader of the House. I do not want his apology and don't enter into the records his apology.' The next day the newspapers put the heading: 'Battle of Courtesies.' It is such words of courtesy which are the tradition of this House. (*Interruptions*) Therefore, don't bring these issues to this level as to whether I am trying to appease BJP or not. Even before BJP was born, I had stated this. I had quoted Somnath Chatterjee's father who was a member of the Hindu Mahasabha. But he was a great parliamentarian and he created traditions in this House and maintain the independent character of Lok Sabha different from Rajya Sabha. I have no hesitation in quoting him notwithstanding the fact that he was a member of the Hindu Mahasabha, not a CPI(M) man like Somnath Chatterjee. These are the traditions of the House. (*Interruptions*)

SHRI A. CHARLES (Trivandrum): It was very embarrassing. I am sorry to say that yesterday the Speaker was threatened by a few Members of the BJP and he had yielded to the threat. That is very unfortunate, Sir. (*Interruptions*)

PROF. MADHU DANDAVATE: Sir, my praise of the democratic traditions of this House are not guided by trying to seek the support of the CPI(M) or the BJP, let it be understood. That is why I quoted this. (*Interruptions*) Sir, there are various issues which I have mentioned in this very note and they were quoted. And I have also said how much penalty was imposed and the matter is pending before the court and whatever be the final judgment and final verdict, we will ensure that that particular verdict is rigorously implemented even if the penalty is increased or if it is cancelled. You don't take it for granted that in the final appeal necessarily the order and judgement will be against, it might be in favour also. We will not anticipate the final judgement of the court and therefore, we will await that. I don't take the technical view. I could have said, 'The matter is pending before the judicial forum, the matter is *sub judice*, and therefore I do not want to say anything.' I could have taken shelter like that. Well I have not taken that,

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Chair's approval

but that is so

As far as one case is concerned, we were told that the Syrian Bank's share issue was raised. It is altogether a different issue. You have raised it for the first time. We are not just now posted with all the details about that, because that issue was not part and parcel of the Call Attention Notice. But separately we will try to collect the information and write to you. Similarly, as far as the building and other things are concerned, if you look at these 15 or 25 cases which have been mentioned, all the FERA violations, tax violations and customs violations are maintained.

SHRI VASANT SATHE: If you are not fully informed about other matters, you can collect the information and give it later on, we do not mind. But please say whether what you have given is conclusive or illustrative. I pointed out by saying that the Syrian Bank business and shares transfer etc. having not come to your notice does not take away from the fact that it is within the framework of the Call Attention Notice because it concerns tax violations. For all these buildings tax has not been paid. So it is within the Call Attention Notice. If this is not conclusive, please say that.

PROF MADHU DANDAVATE: Please listen to me. The issue which you have raised is different from the issue which others have raised. Now I am coming to the issue which you have raised. As far as that issue is concerned, it was not the question of transfer of shares. It does not fall within the purview of the Call Attention Notice. It is a different part. But on that we will collect the information. (*Interruptions*)

Let me complete. I did not interfere when you spoke. You can speak after I finish my speech. Otherwise, my trend is completely cut off. I do not take shelter behind the rules. After I sit down, you can speak for hours together and ask me any number of questions. I will answer them subject to the

Sir, one of the allegations is regarding the non-compliance of conditions. Under this, the RBI has permitted Indian Express to maintain the sterling Account in Loyds Bank, London. The non-compliance alleged is regarding the non-furnishing of the statements, remittance of certificate etc. to the RBI. Normally, if the non-compliance is of any serious nature, then it would be intimated to the Enforcement Directorate by the RBI. We have not received any such communication, but we will ourselves unilaterally write to the RBI and try to find out whether any action on our part is called for. We will definitely intervene in the matter, but only because on the spur of the moment you have raised the issue, I am afraid I may not be able to deal with that.

Sir, as far as all the details are concerned, without hiding anything, these are all in the judicial process and the final word is yet to come. So let not this House go away with the information that all these 15 or 16 cases that have been already placed before the House in the form of this document is the final verdict, the final judicial verdict is yet to come. It might be one way or the other, but if anybody points out to us any further violations which are suspected, we will scrutinise it. Not only about Indian Express, about other institutions also if you have any material you can pass it on to me. As a Finance Minister, I will act, I will not consider the political view or the ideological orientation of any particular journal or any institution. We will strictly go by the letter of the law, the spirit of the law and act accordingly.

THE BUSINESS ADVISORY COMMITTEE

Eighth Report

THE DEPUTY MINISTER IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI JAGDEEP DHANKAR): Sir, I beg to