

17.31 hrs.

## RESIGNATION BY MEMBER

*[English]*

MR. CHAIRMAN: Before We take up half-an-hour discussion, I have to make one announcement.

I have to inform the House that the Speaker has received today a letter from Shri H N Nanje Gowda resigning his seat in the Lok Sabha. The Speaker has accepted his resignation with immediate effect.

17.31 hrs.

## HALF-AN-HOUR DISCUSSION

## Import of Books

*[English]*

MR. CHAIRMAN: The House will now take up half-an-hour discussion to be raised by Kumari Mamata Banerjee on the points arising out of the answer given by the Minister of State in the Department of Revenue in the Ministry of Finance on 21st July, 1989 to Starred Question No. 71 regarding import of books.

*[Translation]*

KUMARI MAMATA BANERJEE (Jadavpur): A report was published in the Bombay Times on the 24th that certain persons were engaged in importing books from abroad and thus defrauding the Government in terms of foreign exchange. In this context, a starred question No. 71 was asked in Lok Sabha on the 21st July, 1989. In reply to that question it was stated that certain person were importing useless papers and books from abroad with the intention to siphon out of India foreign exchange to the tune of Rs, 75 crores. Though there are laws like COFEPOSA and FERA in this country to check such illegal foreign exchange transac-

tions but there is some relaxation under these Acts, as the import of books declared as educational literature has been exempted. Talking undue advantage of this provision, many such people, who pretended to be gentle and innocent, imported useless papers and books from abroad and during the last 9 months, siphoned out of India foreign exchange to the tune of Rs. 75 crores. I would like to know the number of such cases and the persons found involved in such frauds. I would also like to know the number of persons against whom the Government has taken action under COFEPOSA and the details there of may also be placed before the House. There are many people in our country who import books from abroad. It is alright if those persons import books for educational purposes but we are afraid that there are certain people who abroad for the purpose of propagating and hatching conspiracy against their country. People of some parties are also going abroad and propagating against our country on the Television in those countries. Will any enquiry be conducted by the Government in this regard and has the Government got with it any record about the persons who have imported useless books in the name of old literature which is endangering the unity and integrity of the country. The Government should look into it. I have made a mention of it because I have got proof to substantiate it. It is not only my statement but the Times of India has also published a detailed news item in this regard. I would like to quote from the report as published in the Times of India.

*[English]*

"Ms Pushpa Sitlani, a well-placed business woman accused of remitting foreign exchange worth Rs. 22 crores through fraudulent book imports, taking advantage of legal loop-holes, got a stay against her detention under the COFFPOSA and obtained permission to go abroad."

*[Translation]*

When Government initiated action against Pushpa Sitlani under COFFPOSA,

[Kumari Mamata Banerjoe]

she filed a petition in the Bombay High Court but the same was rejected. Later on, she went to the Calcutta High Court had filed a petition seeking permission to go abroad and she was granted permission by the Calcutta High Court. I would like to know from the Hon'ble Minister whether it has come to the notice of the Government that Pushpa Sitalani was originally resident of Bombay and she had filed a petition in the Bombay High Court giving therein her Bombay address but when she filed a petition in the Calcutta High Court, she stated in her petition that she was resident of Andaman & Nicobar Islands. Has this thing come to the notice of the Government. Could permission, or stay-order be granted by any of the High Courts, even when she gave a bogus address for the purpose of seeking permission to go abroad? Can no action be taken by the Government in this regard, or is there no provision in our laws in this regard. When Government has got evidence to prove that some particular individual was working against the interest of the country and in the present case Puspha Sitalani cheated Government and siphoned of India foreign exchange worth Rs. 22 crores on pretext of import of books and later on, she obtained the permission of the court to go abroad, giving bogus address in the court, what action was taken by the Government against that lady.

[Translation]

Why has no action been taken against that lady? Mr. Chairman, Sir, you will be surprised to know that:

[English]

'Ms Sitalani is known to be a close friend of the noted lawyer,.....\*.....They used to play bridge together. It is learnt...\*.....retorted.

[Translation]

Please note what is further stated:-

[English]

How does it matter? If I play bridge with the Prime Minister's friend...\*.....will all his money belong to me?

[Translation]

He has such a political statement which I think nobody can give...\*.....was his counsel who pleaded his case in the Bombay High Court. He has very good relations with ...\*... I was not aware of this case until I read the details in the Times of India. I want the hon. Minister to clarify the Government's stand in this case. Why has no action been taken against her when she has openly indulged in defrauding the country of Rs. 22 crores of foreign Exchange. What does the law say in case of the other fraud of Rs. 75 crores? How should people who misuse the law be treated because this clearly amounts to a criminal act on their part? Can the Government frame a law that restrains the accused from leaving the country? I want the laws to be framed in such a manner that these people are not able to take refuge under any pretence. As these people are economic offenders, the Government should arrest them under COFFPOSA so that they are not able to leave the country. If such an offender has already left the country he should be called back without delay and strict action taken against him. Everybody should be bound by law of the land. Action should be taken against those who violate the laws. May I know from the hon. Minister if amendments in the statute will be made in the near future so that nobody misuses the existing laws? I want the hon. Minister to pay special attention in this direction. Secondly, will the Government investigate into the foreign exchange losses due to this case. I cannot understand why there is delay in taking action when the Government has the authentic documents in its possession. Why should not a person who works against national interest be jailed? The Government should be stricter in such cases. Mr. Chairman, Sir, as I have said earlier these people can bring political papers from abroad in the guise of old books

[Kumari Mamata Banerjee]

This can be done by any political party that wants to disintegrate the nation. Misguided youth can also do it. Therefore, case could be registered under the COFEPOSA. I don't know whether the Government is aware of the fact that purchase of old books has resulted in a loss of Rs. 75 crores. I request for a record trial of all the books that have been purchased. If they contain matter which is against national interest then strong action should be taken. Problems can arise in expediting the matter because a stay-order can be sought under the COFEPOSA. The Government should see how amendments can be made to make it easier to give punishment.

Mr. Chairman Sir, I donot want to say much in this regard. I would only request the hon. Minister to give us whatever information he has on this subject. Whosoever violates the Foreign Exchange Regulations is an enemy of the national and should be severely punished. Thank-you Sir.

[English]

MR. CHAIRMAN: The hon. Member has referred to certain names. The names will not go on record. They are expunged.

[Translation]

KUMARI MAMTA BANERJEE: Sir, that is why I have raised this matter. How can you expunge it?

\*SHRI HARIHAR SOREN (Keonjhar): Mr. Chairman Sir, My predecessor, Kumari Mamta Banerjee, has put a few questions to the Hon'ble Minister regarding the activities of the unscrupulous traders in book import. If the Hon'ble Minister replies to those questions, we will know in details about the whole incident. Sir, it is a matter of great regret that a group of unscrupulous traders are importing books in the name of some fictitious firms. The country has already lost Rs. 40.44 crores of foreign exchange in the process. However

I thank the Directorate of Revenue intelligence for having taken timely steps to apprehend these unscrupulous traders. They have kept a strict watch on these elements. In this connection, I would like to put a question. I want to know what is the number of these unscrupulous traders, since how long they have been importing books in the name of fictitious firms? What are the name of those fictitious firms, what amount of foreign exchange has been lost by the country in this way so far; what action have been taken by the Govt against these unscrupulous traders and whether Government have any proposals to publish the news regarding these incidents in news-paper, whether Govt. will broadcast their brief introduction in Radio and telecast regarding their activities in television so that they will not dare to indulge in such unscrupulous trade in future? I hope the Hon'ble Minister will reply to the questions. With these words I conclude my speech. \*

[English]

SHRI SHANTARAM NAIK (Panaji): Sir: The present discussion raised by Mamata ji is quite relevant, and it raises a very vital issue as far as foreign exchange is concerned. You can imagine the manner in which dealings in foreign exchange are sought to be made by one Pushpa Sitlani under the pretext of importing certain books which are worthless, and which have been found, on investigation, to be subsequently sold in the footpaths in Bombay and other places.

The whole discussion and the earlier questions, are based on a report in the 'Times of India' in which the proceedings of the relevant case were reported, including the names of the counsels who were appearing in the court, and the statement given by them...

MR. CHAIRMAN: It is not necessary to take, now, their names. (*Interruptions*) You can say 'counsel'.

SHRI SHANTARAM NAIK: We are not just speaking in the air, Sir, it is very relevant.

\*Translation of the speech originally in Oriya.

MR. CHAIRMAN: It may be relevant; but our rules do not permit.

SHRI SHANTARAM NAIK: There may be rules. She is not a member of the other House. We are not quoting the name of the member of the other House.

MR. CHAIRMAN: The names are not to be recorded.

SHRI SHANTARAM NAIK: She is a simple and plain accused. We are taking the name of the accused who was represented in the court by so-and-so, and that he made such-and-such a statement.

MR. CHAIRMAN: Our rules do not allow..

SHRI SHANTARAM NAIK: Anyway, Sir, I am putting it in the proper perspective. The question is that under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974, it appears certain investigations are being done. There are as many as six cases which have been detected in this connection.

The hon. Minister may tell us if there are more cases. But I would like to know whether, in all these cases, attempts were made to detain them under COFEPOSA; if so, with what success. Secondly, the point is that we cannot take foreign exchange violations so lightly. Because of these violations we have got this Act of 1974. In respect of those who consistently violate this Act and the provisions thereunder, the COFEPOSA provisions are attracted, and they are invoked by Government. Therefore, we must be very careful as far as sanctioning this foreign exchange is concerned, to those who go abroad and play against the interests of the country.

For instance, the other day one...went to a foreign country. He met some Congressmen in the United States; and subsequently, a Bill was moved there denying aid to India. So, those Congressmen in the United States who were opposed to granting any aid to

India were contacted by a citizen of this country. I am asking whether foreign exchange for the travelling and other expenses of such persons is being sanctioned by Government; what are the rules therefor, and what does the Government propose to do in future. It is clear-cut; there is no denial that so-and-so met so-and-so, and as a result, this happened. Even earlier, the same Member had met certain people who were indulging in terrorism in Punjab, and he had supported their cause, given interview to a television network. So, what is the Government going to do? Suppose the man want to go tomorrow again to some other country. Are you going to sanction him foreign exchange for this purpose? What is the policy in this regard?

So, this question incidentally arises out of this matter. There are so many other violations which are being done, in respect of foreign exchange. Recently, ...\*\*.....had made allegations against...\*\*.....that Rs. 150 crores were deposited by him in a foreign bank. The question is: today we require foreign exchange to a large extent, and Mr. Shankarrao Chavan had made a statement recently in Bombay that Rs. 30,000 crores worth of foreign exchange is just lying idle because of some red-tapism. So, when this is the situation, we have to be very careful and conscientious in respect of every dollar of foreign exchange. Here, the question is, as Mamata Ji said, about something which is worth crores of rupees. Crores of rupees are just being swindled just under the pretext of importing certain books which are worth nothing. Subsequently, this entire fraudulent network has been revealed and it has come to the notice of the Government. Has any attempt been made to detain them under COFEPOSA? Subsequently, have any cases under Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 been filed; if so, at what stage the proceedings are?

SHRI SOMNATH RATH (Aska): This is a very serious matter. The hon. Minister has admitted that the Government's liberal policy on import of books is being misutilised to

[Sh. Somnath Rath]

siphon out our precious foreign exchange. In this reply he has also stated that 'the Enforcement Agencies have recently detected six cases in which such illegal practices have been found to have resulted in the alleged siphoning of foreign exchange to the tune of Rs. 40.44 crores approximately.' Certainly, it is a very serious matter and it should not be taken so lightly by the Government. In *The Hindustan Times* dated 29 June 1989 under the heading 'Huge revenue loss in books import', it has been stated as follows:

"These loads of 'worthless books' carry highly inflated invoices and bank documents showing highly inflated value. They are shipped in the name of non-existent parties and are received by under cover operators in India."

This fact has been detected by Customs and the Enforcement Directorate during the last one year and half. If further —on the same page—reads as follows:

"These books are imported through post parcels."

on the same page, it further reads as follows:

"One Thakkar is learnt to have sent out foreign exchange to the tune of Rs. 25 crore in this manner. He had acquired property in Delhi and Bombay."

Similarly, there are many other persons, as stated by my colleagues earlier. Under these circumstances, though the Enforcement Department has detected a number of cases, during the last 1 1/2 years, what action has been taken by the Government? The Minister was not also specific in his main reply. It reads as follows:

"Some are penalised in the departmental adjudication and are also prosecuted in Courts of law in suitable cases."

He has not named who are those per-

sons or who are those firms against whom cases have been launched and penalised. It is further stated as follows:

"They are also detained under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974, if considered necessary."

So, these are evasive answers. The House should know in a matter like this who are those persons or firms against whom cases have been launched and prosecuted? Who are the other persons against whom Government is going to launch cases, prosecute them, if necessary, what amount of foreign exchange has been eroded so far and what is the amount actually involved in racket? I want specific answers for these questions from the hon. Minister.

DR. CHANDRA SHEKHAR TRIPATHI (Khalilabad): Mr. Chairman, I very much share the views expressed by my colleagues who have spoken just now. I would like to draw the attention of the hon. Minister regarding certain important issues which arose from the report of the *Hindustan Times* dated 29th June, 1989. This case, or these problems, came to the notice of the Government because the importers have been given facilities to import technical and medical books under the OGL.

May I know whether—keeping in view the fact that precious and scarce foreign exchange is flowing out of the country because of the malpractices adopted by these unscrupulous importers—the Ministry or the Government is going to contemplate or chalk out any programme to have a proper control or the completely stop the facility which the importers are availing of now-a-days under the OGL, and if the Government is going to stop this facility, how the demand for medical and technical books in the country will be met?

Secondly, very skilfully our colleague Shri Rath has told that these unscrupulous importers have acquired huge properties throughout the country. If it is true, under the

prevailing rules and regulations or laws what action is the Government taking against such persons? May I know whether the Government will discourage them and come forward to confiscate the entire property which they have acquired by adopting such malpractices which are against the nation?

Thirdly, a very important aspect of this problem-I would like to put before you with a request that you should not miss while replying to these questions, and that is that huge leakage of foreign exchange was exposed. It also revealed some lacunae in the banking procedures relating to remittances and import documents besides connivance of the banking staff in several cases. Normally banks are not expected to receive shipment documents from the party directly. It appears that there are certain banks involved in this, which have received the relevant documents directly from the party, whereas the practice should be—I do not know what the banking laws exist or stand for—that it is mandatory that the relevant or important papers will be received by the bank only if the relevant documents are sent by the foreign banks. They should not be produced by the party itself. So, certain banks are also found to be involved in these malpractices. May I know the names of those banks and how the laws have been relaxed and how had they accepted the documents of shipment directly from the importers?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI A.K. PANJA): I am obliged to the hon. members who participated in this Half-an-Hour discussion. The Question was a Starred Question fixed for 21-7-1989. Mr. Rath asked why details were not given. The answers were given according to the questions framed. But as it was a started Question, I expected that it would come up for oral answer at the time of the Question Hour. But Unfortunately, the hon. member was not present on that day and the details could not be given as no supplementaries were put.

18.00 hrs.

It appears that the Directorate of Revenue Intelligence reported that certain unscrupulous importers are importing books declared as educational literature, but having no commercial value, at over-invoiced prices in the names of fictitious firms, the intention being to remit foreign exchange out of India through legal channels.

The Enforcement Directorate is investigating cases against six such unscrupulous importers involving siphoning of foreign exchange to the tune of Rs. 40.44 crores approximately.

Sir, I quote Section 8 (3) of Foreign Exchange Regulation Act, 1973.

"Where any foreign exchange is acquired by any person, other than an authorised dealer or a money-changer, for any particular purpose, or where any person has been permitted conditionally to acquire foreign exchange, the said person shall not use to the foreign exchange so acquired otherwise than for that purpose or, as the case may be, fail to comply with any condition to which the permission granted to him in subject and where any foreign exchange so acquired cannot be used so or the conditions cannot be complied with, the said person shall, within a period of thirty days from the date on which he comes to know that such foreign exchange cannot be so used or the conditions cannot be complied with, sell the foreign exchange to an authorised dealer or to a money-changer."

So, under this provision, for a specific purpose it has to be utilised. Even under Section 8 (4), it is clear that a person will be presumed not to have been able to use the foreign exchange for the purpose for which he acquired it, if inter alia he has imported goods of a value which does not represent the foreign exchange acquired.

[Sh. A.K. Panja]

Sir, since there is no customs duty leviable on the import of such books, there are no revenue implications. The import of educational literature is also under Open General Licence. Customs checks are minimal at the time of Importation. Sir, it was thought because of advancement of education specially scientific and technical education if all these customs formalities were to be gone into by various institutions and literate persons, then there will be difficulties for them. And that is why for the interest of the nation and advancement of education, this has been put under OGL and in fact there is no customs implication except minimal checks, which sometimes are done.

Sir, remittance of the foreign exchange is made on the basis of documents presented to the bank which have been duly authenticated by the Consignee (Indian Importer) or his representative. The hon. Member has raised a point, whether there is any procedure by which it is given to the bank. It is not possible for the bank to ascertain at that time whether they have any details because they have not been culled out. If that rule is framed, then again a teacher or an educationist or a technical man or an expert asking for a book immediately, shall have to go through all the formalities, which might, as it was thought—affect the purpose to education, for which the rules were framed. Sir, people are always there to take advantage of the noble rules.

So far as the cases are concerned, I noticed that the first case was searched on 22nd December 1988 and therefore, it has not taken the whole year. It was the Revenue Intelligence, who reported. The first case was against Ms. Lalwani Brothers, Bombay unearthed on the basis on the secret information.

On the basis of intelligence, the premises of M/s. Lalwani Brothers and their associate companies were searched by the Officers of Enforcement Directorate on 22.12.1988 and a large number of incrimin-

nating documents were seized. Investigations revealed that M/s. Lalwani Brothers and their associate companies had imported seven consignments of books during 1988. The value value of the books had been over-invoiced. Investigations further revealed that one Mr. Sunder P. Lalwani, partner of M/s. Lalwani Brothers was staying in London and his sister Smt. Pushpa K. Sitlani, another partner was staying in India purporting to look after the business of M/s. Lalwani Brothers. Investigation further revealed that M/s Lalwani Brothers imported a book under the title "Golden Claims" with an invoice price of \$ 5 each, whereas the same book was imported by other importers only at a price of 75 cents each. Investigation in this matter is in progress. The estimated loss of foreign exchange is about Rs. 19 crores. Shrimati Pushpa Sitlani was arrested on 22.12.1988 and was subsequently released on bail which we cannot help. The Addl. Chief Judicial Magistrate, Bombay was moved on 4th August, 1989 for cancellation of bail and bailable warrant for an amount of Rs. 10,000 returnable on 10th August, 1989 has since been issued. An order under the conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 for detention of Smt. Pushpa Sitlani and Shri Sunder P. Lalwani was issued in April, 1989. Shrimati Pushpa Sitlani had obtained a stay against the order from the Calcutta High Court. This stay order has since been vacated. Thereafter we have taken the following steps.

After the stay order was vacated, we have intensified our vigil for locating Mrs. Pushpa Sitlani who is not available at the known place of residence in Bombay. Red alert has been issued for the apprehension of Mrs. Pushpa K. Sitlani and her brother Sunder P. Lalwani. Under section 7 (1) (b) of the COFEPOSA Shri Sunder P. Lalwani and Mrs. Pushpa K. Siltani have been proclaimed as absconders with the direction to surrender before the Commissioner of Police. In Bombay Additional Chief Metropolitan Magistrate has been moved to cancel the bail. On 4th August 1989 the ACMM Bombay has issued a bailable warrant of arrest against Mrs. Pushpa K. Sitlani and the matter has to

come up on 10th August, 1989. Deputy Director of Enforcement, Bombay, has inserted advertisements in the newspapers offering a reward of Rs. 5000/- to anyone giving any clue regarding the whereabouts of Mrs. Pushpa K. Sitlani. These advertisements had appeared in various newspapers on 4th and 5th August in their Bombay editions. It appears further that when the Calcutta High Court was moved Shrimati Pushpa K. Sitlani who is ordinarily a resident of Bombay, had given her address as Port Blair, Andaman & Nicobar. And as you know, Andaman & Nicobar comes under the jurisdiction of Calcutta High Court so far as enforcement of Fundamental Rights are concerned. Giving a fictitious address in Andaman & Nicobar Shrimati Pushpa K. Sitlani invoked the territorial jurisdiction of Calcutta High Court which granted her an immediate stay order. We are bound by the stay order of the High Court and we cannot arrest her. Aggrieved with the decision of the Calcutta High Court the Department went in on appeal before the Division Bench. In the meantime, here whereabouts are not possibly to be known. The bail petition is pending before the Bombay High Court. Therefore, the Government is fully alert about it and the Enforcement Directorate is also alert about it.

So far as the other cases are concerned, there is the Stamford Agencies case which has been indulging in this kind of fraud on a large scale, in the import of books. As per investigations, this party has accumulated foreign exchange abroad to the tune of Rs. 17 crores. This party had been importing books by post. On information, 20 parcels received by post, in the name of M/s Stamford Agencies were opened and the cartons were taken over for examination and it was found that these contained books of no commercial value. Further investigations revealed that the brain behind this racket was one Mr. H.M. Thakkar. He was arrested on 7.9.88. However, on a Writ petition the Detention Order was quashed by the High Court on 20th April, 1989. Mr. Thakkar was again arrested in a criminal case. He was later ordered to be released on bail of Rs. 50 lakhs

but he could not avail of this opportunity as he did not furnish the bail. He was detained on 13th October under COFEPOSA under order dated 10th of October, 1988, but was ordered to be released by the High Court on a technical ground. He later applied and got reduction of bail amount to Rs. 20 lakhs, subject to the production of his passport. He failed to produce his passport and, therefore he is still under custody fortunately. However, he has been shifted to the Beach Candy Hospital. He posed illness and was shifted to the hospital. We could not help it because our duty was involved. He is still in the Beach Candy Hospital but under detention.

There is a third case of M/s Capital Book Depot. It was found out by the Enforcement Directorate that certain consignments of books were imported at Kandla in the name of M/s Capital Book Depot during 1988 for a total invoice value of Rs. one crore. Bills of Entry were filed by clearing agents M/s Bhandra Brothers, Kandla. On the basis of intelligence that consignments were grossly over-invoiced, Assistant Director of Enforcement, Ahmedabad was requested to make certain enquiries. The Assistant Director, Ahmedabad reported that he was not able to get any details of the importers or the bank through which the remittances in this case had been made or were to be made. In view of this, on 15th December, 1988, the premises of the clearing agents Messrs. B.V. Thakkar and Company were searched along with the residence of Shri Ashok P. Bhandra, partner of Messrs. Bhandra Brothers, and certain documents were seized. Messrs. B.V. Thakkar and Company, clearing agents, informed this Directorate that one Shri J.S. Manchanda was the owner of Messrs. Capital Book Depot and had his office and Arcadia Building, Nariman Point, Bombay. However, enquiries made at this address revealed that this office was closed for the last four months and the premises were vacant. It appears that Shri J.S. Manchanda has since absconded. Efforts are being made to locate Shri Manchanda. The approximate loss of foreign exchange in this case is Rs. one crore.



[Sh. A.K. Panja]

The fourth case is of Messrs. Sanghvi Book Centre and others at Bombay. While investigating the case of Messrs. Lalwani Brothers regarding import of books at over-invoiced value, the officers of Enforcement Directorate came across the following four importers of such books:

1. Sanghvi Book Centre
2. U.S.A. Book Centre
3. Book Omega, and
4. Fleming Enterprises

Investigations revealed that these four companies were not in existence at the given addresses. Subsequent investigations revealed that these four firms had been floated by one Shri Bhagwandas H. Aggarwal through his employees Sarvashri Salvi and Shetty. In the name of these four companies, Shri Bhagwandas H. Aggarwal has been importing books and over-invoicing them, thereby accumulating foreign exchange abroad. The residence of Shri B.H. Aggarwal was searched. However, neither Shri Aggarwal nor his son were available at their Bombay address or at their Delhi address. It appears that both the father and the son have since absconded. The amount of foreign exchange lost in the imports made by these companies comes to Rs. 1.5 crores approximately. Efforts are being made to find the whereabouts of the father and the son.

The fifth case is of Messrs. Universal Corporation, Calcutta. Investigations revealed that Shri Mohd. Ahmed Supariwala, Proprietor of Messrs. Universal Corporation, Calcutta, along with his associate Shri Usman Supariwala of Bombay, imported medical books from a Singapore party under O.G.L. to the extent of Rs. 1.34 crores during the period January to July, 1987. These so-called medical books were all reprinted at Singapore and the price shown in the invoice was ten times more than their real estimated

price. Shri Mohd. Ahmed has been absconding from 2nd July, 1987. Further investigations in the matter are going on. The estimated loss of foreign exchange on account of this party comes approximately to Rs. 1.34 crores. To retain the seized documents, a show cause notice has also been issued and the matter is under investigation.

The sixth case is that of Ms V.K. Aggarwal and others of Calcutta. Intelligence was received by Enforcement Directorate that M/s. Vijay Kumar Aggarwal of Calcutta had imported books of no commercial value but for which large amount of foreign exchange had been remitted by him. The premises of Mr. V.K. Aggarwal and others were searched on 23-2-1989 and a lot of incriminating documents were seized. Investigations have confirmed that he and his associates (6 Concerns in Calcutta) had been importing worthless books from the U.K. which were grossly over-invoiced. In this case, the estimated loss of foreign exchange comes approximately to Rs. 60 lakhs. Shri V.K. Aggarwal was arrested on 24-2-1989 and was released on bail of Rs. 20,000 the same day. Further investigations are in progress.

Sir, these are the major cases and in such cases we set the ordinary law in motion and also in proper cases where they come within the COFEPOSA, we take action for detention of those people under COFEPOSA. It is true, as the hon. Members pointed out as what would happen to these lacunae. We have to help the people who are educationists, we have to help the institutions. So, we have thought of measures which are still under consideration. The existing policy of allowing importation of books under OGL has to be followed on selective and restrictive basis. Universities, National Libraries, National Laboratories and approved research and educational institutions can be permitted importation without limit. Established importers of scientific, educational and technical books may be given licences based on their past records of import.

Sir, in a vast and developing country like ours, we have to have some elbow room for

people who want to have knowledge. So, others may be permitted to import books upto Rs. 10,000 per year. These suggested changes are under consideration and I assure that House that soon the Government will find a way out to stop the lacunae in the law. In fact, it is not the lacunae in the law, but some people are asking advantage of the privilege given for the purpose of education of this country. But we have to guard against

those malpractices and preserve the valuable foreign exchange. These are the answers to the points raised by the hon. Members.

18.17 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday August 8, 1989/ Sravana 17, 1911 (Saka).*