

of investment by Small Scale industrial units in plant and machinery, under section 642 of the Companies Act, 1956.

(2) A copy of the Monopolies and Restrictive Trade Practices Commission (Recruitment of Members of Staff) Amendment Rules, 1981 (Hindi and English versions) published in Notification No. G.S.R. 507 in Gazette of India dated the 30th May, 1981 under sub-section (3) of section 67 of the Monopolies and Restrictive Trade Practices Act, 1969.

(3) A copy of the Report (Hindi and English versions) under section 22(3) (b) of the Monopolies and Restrictive Trade Practices Act, 1969 in the case of Messrs Indian Oxygen Limited, Calcutta for setting up a new undertaking at Kharagpur, West Bengal for the manufacture of submerged Arc Fluxes and continuous welding consumables and the Central Government's Order dated the 18th June, 1981 thereon, under section 62 of the Monopolies and Restrictive Trade Practices Act, 1969.

श्री हरीश कुमार गंगवार : (पोलीमीत) :  
ग्रहण महोदय, मैंने दो एडजर्नमेंट मोशन  
दिये हैं। . . . (अवधान)\*\* . . .

MR. SPEAKER: Not allowed. Nothing is going on record because it is without my permission.

श्री हरीश कुमार गंगवार : मेरा व्यवस्था  
का प्रश्न है। मैं कोई अनपार्लियामेंटरी बात नहीं  
कर रहा हूँ, कोई गलत बात नहीं कर रहा हूँ।

MR. SPEAKER: Because it is without my permission. What is said without my permission is not going to be recorded.

श्री मंजी राम बागड़ी (हिसार) :  
प्लाइन्ट ग्राफ़ि आर्डर ती सुन लोजिए।

MR. SPEAKER: There is no point of order.

वह तो सुन लिया है। जो अनपार्लियामेंटरी होता है, उसी को एक्सपोज़ करता हूँ बाकी और बातों को एक्सपोज़ नहीं करता।  
I do not do it. What I have said is in the Rules. If I do not allow and everybody wants to speak, without my permission, then nothing will be on record and nothing is going to be on record. That is what I have said.

(Interruptions)\*\*

MR. SPEAKER: No adjournment motion is to be discussed and nothing is going to be on record.

(Interruptions)\*\*

MR. SPEAKER: This loose talk is not to be recorded.

12.07 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

REPORTED DETECTION OF 'HAWALA' RACKET INVOLVING BOGUS TRANSACTIONS IN BOMBAY

SHRI HARISH CHANDRA SINGH RAWAT (Almora): Sir, I call the attention of the Hon. Minister of Finance to the following matter of Urgent Public Importance and I request that he may make a statement thereon:—

"reported detection of a big 'hawala' racket involving bogus transactions of more than Rupees forty crores in Bombay".

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): Mr. Speaker, Sir, the Intelligence Wing of the Income-tax Department at Bombay received information that a limited company had obtained hawala for about Rs. 16 lakhs ostensibly described as commission payment. They were

informed that although crossed account-payee cheques were being issued by the Co. for alleged payment of commission, the amounts were later returned by the hawala agent to certain persons connected with the Co. after encashment of the cheques. It was also learnt that amounts to the extent of Rs. 9.25 lakhs had already been returned, and the balance was about to be returned shortly. On receipt of this information, the Income-tax Department conducted searches in the premises of Shri Chandrakant P. Vora, Prop. Ashok Kumar & Bros. and Harit P. Dholakia. Consequential search action u/s 132 was also taken in the case of Shri P. S. Shah and survey u/s 133A in the premises of a public limited Co. During the course of the search, cash amounting to Rs. 8.15 lakhs and jewellery and silver of the approximate value of Rs. 8 lakh which were admitted to be unaccounted for, were seized from the residence of Shri Praful S. Shah. Shri Shah ultimately admitted that he had business connections with Shri Chandrakant B. Vora and H. P. Dholakia. Earlier cash to the extent of Rs. 2.50 lakhs had been seized from S/Shri Chandrakant B. Vora and Harit P. Dholakia. From the preliminary examination of the seized documents, it is estimated that the concerned Co. has used hawalas to the extent of Rs. 40-50 lakhs approx. during the last few years. As a follow up action to the above searches, the Department also took similar action in respect of certain other persons allegedly indulging in hawala transactions i.e. S/Shri Dinesh Chandra Doshi, Hasmukh Gandhi and Dinesh Kapadia. Action u/s 133A (Survey) was also taken in respect of two other persons i.e. S/Shri Ramesh V. Kapadia and Vinodchandra V. Gandhi. All these people have admitted to have taken part in large scale hawala transactions. A preliminary examination of the seized documents from the above persons so far, show that the hawalas to the extent of over Rs. 35 crores must have been transacted in the last few years. The entire matter is under investigation by the Income-

tax Department. Appropriate action under the Direct Taxes Acts will be taken as soon as the investigations are completed. I can assure the House that the Department will deal sternly with those against whom a case of tax evasion may eventually be proved.

12.10 hrs.

[MR. DEPUTY SPEAKER in the Chair]

श्री हरेश चन्द्र सिंह रावत : उपाध्यक्ष जी, यह जो जानकारी दी है उसके लिए मैं वित्त मंत्री जी का बहुत बहुत धन्यवाद करता हूँ। लेकिन एक बात यह जानना चाहता हूँ कि जो एजेन्ट्स हैं जिनका बिजनस डिपार्टमेंट के साथ रजिस्ट्रेशन वाला मामला है उसमें आन क्या कार्यवाही करेंगे? क्या इसका सीधा सम्बन्ध इस बात से नहीं है कि मन् 1975, 76 और 77 में जो आयकर के छापे मारे गये थे और उन छापों के दौरान जो दस्तावेज पकड़े गये थे, लेकिन बाद में जड़े ही सरकार बदली, उन पर कोई कार्यवाही नहीं हुई और यहाँ तक हुआ कि इन्फार्मर्स के नाम जो गुप्त रखे जाते हैं, वे नाम भी प्रकट कर दिये गये और वे किसी एकसीडेंट में मारे पाये गये? क्या इनकम टैक्स डिपार्टमेंट में जो ऐसे लोग होते हैं जो कि बिजनस कम्पनियों के साथ मिले हुए होते हैं और आयकर की चोरी करने वाली कम्पनियों या फर्मों के जो इन्फार्मर्स होते हैं उनके नाम वे उन कम्पनियों और फर्मों को बता देते हैं? क्या ऐसे आदमियों से इन इन्फार्मर्स की सुरक्षा होगी और उन लोगों से होगी जिन लोगों के नाम आये हैं या जिन कम्पनियों के नाम आये हैं? क्या इसमें कहीं ऐसा तो नहीं होगा कि केवल वागजी कार्यवाही हो कर रह जाए जिस तरह से 1975, 76 और 77 के आयकर के छापों और जप्त किये गये दस्तावेजों के मामले में हुआ था कि कोई कार्यवाही नहीं हुई थी और मामला बन कर रह गया था? इसको मंत्री जी बताने की कृपा करें।

[श्री हरीश चन्द्र सिंह रावत]

प्रत्यक्ष कर अधिनियम के अन्तर्गत जो इसमें कार्यवाही की जाएगी, लेकिन इस अधिनियम का प्रोसेस इतना घीमा है कि जो एवीडेंसिज होती हैं वे एवीडेंसिज बाद में कमजोर पड़ जाती हैं और प्रारंभ में इनकम टैक्स डिपार्टमेंट का जो उद्देश्य होता है वह उद्देश्य पूरा नहीं हो पाता है। क्या इसमें अविलम्ब कार्यवाही की जाएगी ?

SHRI R. VENKATARAMAN: Mr. Deputy-Speaker, Sir...

SHRI KAMALAPATI TRIPATHI (Varanasi): What is 'Hawala'?

AN HON. MEMBER: Does it come from 'Halva'?

SHRI R. VENKATARAMAN: It does not come from 'Halva', 'Halva' is very sweet. 'Hawala' is a peculiar term used in the Bombay business circles for nefarious transactions. I do not want to explain the way in which these 'hawala' transactions take place because I will be educating a large number of people who do not know anything about it. Nevertheless, for the purpose of this case, I must mention a few facts. Certain persons, in order to evade tax, show fictitious sales and fictitious expenditure. They show in their accounts either purchases which had not taken place or the purchases which had taken place through an intermediary and sold to these companies at a higher price, so that, when the income-tax assessment is done and profits are assessed, profits will be very low because these are official payments, the person who pays them may be traced.

Therefore, what he does is that he pays an account payee cheque to the person who is reported to have sold; then he goes back to him after the amount is got on the account payee cheque and he gets back money. This becomes a black money. This is the way this hawala transaction has been going on. (Interruptions) This is my mistake. What am I to do?

SHRI KAMALAPATI TRIPATHI: Why is it called hawala?

SHRI R. VENKATARAMAN: This is a common term used in Bombay for the hawala transaction.

MR. DEPUTY-SPEAKER: Hawala is the other way for the black money.

SHRI R. VENKATARAMAN: In this way, the Department got the information that a certain company was in the habit of issuing these fictitious bills and paying crossed cheques and then getting the money back from him in cash on this basis. The Department conducted a raid and they were able to establish that about Rs. 9 lakhs was paid in this way and another Rs. 5 or 6 lakhs was going to be paid. In one case, we actually got hold of the person with Rs. 2.5 lakhs and, on a close questioning that they admitted that they were involved in hawala transaction. The department is doing a very intensive investigation. The transaction is connected, as my esteemed friend, Shri Rawat, said, with sales-tax also. They not only evade income-tax but also evade sales-tax because they do not bring in the purchases and sales. The Department will work in close cooperation with the Sales-tax Department because, without the help of the Sales Tax Department, it may be slightly difficult for the Income-tax Department to establish the fictitious sales.

Similarly, the Sales-tax Department also will rely on cooperation with the Income-tax Department. My friend also said that a certain information was given to the Department. This was disclosed earlier and, as a result of which, there have been some serious mishaps. I can assure him that this Department will not convey or disclose any information to anybody. It will see that the information which they get is very well protected.

Then, as far as the collusion is concerned, I wish to assure him that the Department will not, in any way, act except in the very best interest and with the highest standard of integrity.

I can assure him that Government will have a very close watch on all these transactions.

**SHRI JANARDHANA POOJARY** (Mangalore): Sir, we have seen recent raids throughout the country by the Income-tax Department. We have also seen the raid conducted in Kashmir. Now, we have to place on record our deep appreciation of the sense of duty and devotion and also the efficiency of these officers who have been conducting these raids.

The tax evasion is rampant and the problem has become very chronic. In order to curb this malady, the number of cases of tax evasion that is detected, stringent and exemplary punishment should be given. Here I may say that in this particular instance, hawali transaction, a large amount of black money is involved. Also, during the course of the raid, incriminating documents were also recovered. Our officials, particularly, the Income-tax Officers are armed with the powers of search, detection as also seizures. What is needed today is the relentless drive against this malady and I can say that we have also to meet this menace with a political will.

As you know, this is one of the methods of tax evasion as also one of the methods that has been involved in blackmoney. There is generation and circulation of blackmoney in the society in this manner also. Sir, it is very clear from the recent happenings that an amount to the extent of Rs. 600 crores has been found in arrears but it is in circulation and this amount has not been collected by the Department so far. This continuing arrear of Rs. 600 crores despite the measure to reduce it is also a matter of great concern. The fact that nearly Rs. 20 crores had to be written off during the year 1978-79 and over Rs. 10 crores had to be written off during 1979-80 is a reflection on the Department's efficiency also. May I know what steps are being taken to intensify the measures to

realise the tax dues and also maintain the relentless efforts on all fronts to achieve better results in collecting current demands and also reducing the arrears?

Sir, it has been stated on the Floor of the House that some of the film actors and actresses are in arrears of tax. I call upon the Government of India to take stern action against these actors and actresses. Whether it is Hema Malini or M. G. Ramachandran stern action has to be taken because these people by evading the tax invest the amount in certain ventures thereby creating an atmosphere of blackmoney and also they generate this parallel economy. In this context I would like to urge upon the Government to take action against all these people. It is also no secret that in spite of these measures the business community including the professionals have outmanoeuvred the Administration. Therefore, I submit Sir that stern, prompt and deterrent action has to be taken and the measures have to be intensified so as to curb the parallel economy.

Regarding the power of searches and seizures I do not know whether it is the duty of the State Government to give full protection to the officers who conduct the raids because otherwise the lives of our officers will be in danger. May I know whether Government is going to install wireless communication in major cities like Bombay and Delhi so that search parties going on raids can maintain touch with the head office? Lastly, I would like to know what steps have been taken to curb the generation and circulation of blackmoney. Whether Government has got any fresh proposals in hand to curb blackmoney?

**SHRI R. VENKATARAMAN:** Sir, the hon. Member insisted that stern measures should be taken through searches, seizures etc. to unearth black money. I will give a few figures to show what we have done. Firstly, in the year 1980-81 we conducted

[Shri R. Venkataraman]

3746 searches and seizures and the approximate value of assets seized was Rs. 19.26 crores. In the current year, from April to 14th August, we have conducted 758 searches, but the value of assets seized is Rs. 10.76 crores. That is in four months, if on the same rate we go, we may reach even Rs. 30 to Rs. 40 crores. The second point which he has said is that collection of arrears should be given a high priority. Actually we have got a monthly progress report of recovery of tax arrears monitored by the Central Board of Direct Taxes. We are keeping a close watch on it and every month we review what is the amount which has been collected out of these arrears.

The third point which he mentioned was that professionals including film actors are evading the tax. Well, the tax evasion does not seem to be a peculiar habit of only certain class of people. It seems to be almost universal. But we know that in certain professions and certain kinds of employment this on-money payment has become a habit. Government are watching these cases very carefully and the searches and seizures which take place are mainly directed towards those professions in which there is the habit of receiving black money or on-money.

As regards giving wireless communication equipment, we are now contemplating providing the wireless communication sets and very shortly we will be providing them.

SHRI AJIT KUMAR SAHA (Vishnupur): Sir, considering the magnitude of the problem of black money, it is only a tip of the ice berg. I thank the officers who organised the raid. This is not the first time that we are hearing about this problem. There are so many reports about the bogus tax evading firms. But we do not know what action the Government has taken in this matter. More

than 76% of the total real income of the business and industry all over the country has never figured in the account book for the purposes of income-tax. I think the Income-tax Department with its highly demoralised officers are either incapable or unwilling to check the proliferation of black money which runs a parallel and powerful economy in the country.

Sir, there are many fake firms in all the big cities of our country who, for a commission, will be ready to give any number of vouchers both for sale and purchase which can be shown in the books. Not only that, Sir. Fictitious cash credits showing loans from benami sources and squaring them up before the year ends is another way of manipulating account books. The loans are not taxable. Instead of putting some restrictions on SAS scheme, the Government has further liberalised the scheme in May this year under which the tax evasion is a must.

Sir, Mr. Kacker has said about the agents that all of them are uneducated and cannot write even. I do not know how these uneducated persons can run such a bogus firm. Sir, I think, this is not the real fact. There must have been some organised brain behind this racket. Now, I want to ask two specific questions. First, will the Hon'ble Minister assure the House that he will inform the Members of the results of the investigations after they are over, whatever be the time lag between now and the stage when the investigation will be over? Secondly, will the hon. Minister assure the House that not only the recoverable taxes will be realised, but also action under Cr. P.C. will be initiated against these persons so as to try for deterrent punishment to be meted out to these persons for defrauding the national exchequer?

SHRI R. VENKATARAMAN: I agree with the hon. Member that what we discovered is only a tip of

the iceberg. I cannot pretend that we have gone to the bottom of the whole malady. But whenever we get an opportunity, we are trying to probe deep into it and try to unearth all such activities at least in certain areas. Our officers are trying to do their best and I would suggest that we give them the strength when they discharge their duties honestly. Otherwise they would be disconcerted in the discharge of their obligations.

The hon. Member said that there are lots of manipulations going on. I was just reminded of a school boy's verse.

"Man is practising in disguise,  
He cheats the most discerning eyes."

It is the habit of people to cheat even the most discerning eyes, probing eyes. It is there, it is rampant, but we are doing our level best to see that these people do not escape.

The hon. Member has asked two questions; first question is, whether I would give the results of the investigations. I promise, I will place a statement on the Table of the House on the results of the investigations.

So far as the criminal offences are concerned, it depends whether there is *mens rea* or not, and if it is found that there is *mens rea*, and criminal action will be sustained, Government will not hesitate to take such criminal action.

SHRI SONTOSH MOHAN DEV (Silchar): At the very outset, I must say that the Finance Minister, time and again, on the floor of the House has said that there are two ways of getting hold of the black money; one is to attract it and the other is to beat it out. He came out with the Special Bonds scheme, which was frustrated by the Supreme Court injunction, and now he has taken out the cane from his brief-case and started using it quite well all over the country. And this is one of the

results for which I congratulate him. I also congratulate the officers who have been able to find out this racket of forty crores which, according to the statement released in the newspapers will attract about 15-20 crores of revenue to our exchequer. In the statement which has been placed before the House, it has been stated that the whole transaction ranges round the past few years. I would like to know from the Finance Minister specifically, what those years are and what actions were taken or initiated by the then Income-tax Commissioners and officers for finding out this particular racket. Was any attempt made? If so, what was the outcome? Secondly, these business firms from where this 'halwa' has originated ... (Interruptions).

AN HON. MEMBER: Not halwa, but hawala.

SHRI SONTOSH MOHAN DEV: Yesterday, I was coming in a scooter and the scooter driver said:

इस देश का सब क्या होगा ?  
चालीस करोड़ रुपये का हलवा  
बम्बई वालों ने खा लिया, तो  
बाकी लोगों को हलवा कैसे  
मिलेगा ?

Anyhow, this hawala business has been organised by some well reputed firms with the help of, as per statement of the Income Tax Officer, some illiterate people on a commission of .5% only. How is it that these transaction could not be traced out by the Income-Tax officer in so many years? If these transactions have been going on, will the hon. Minister assure us that he will have investigations for such cases not only in big cities like Calcutta, Madras, Bombay etc., but will set up special cells to investigate such rackets at various places? This is very important. There is a proverb: What Bengal thinks today, India thinks tomorrow. Mr. Saha has also mentioned it. In Calcutta

[Shri Sontosh Mohan Dev]

tea magnates, I don't want to name anybody—are underwriting the tea prices for their own ends forgetting the honour of the country. Tea industry is facing sickness and I feel personally that this is because of the underhand deal of the tea magnates of the country. So, I urge upon the Government to look into this specific industry from the point of this experience which we have gained and to find out whether something is going on there. I am sure something will come out.

One more question I would like to put. What steps Government will take to give security to those officers who have been able to do this grand job for us? There are paper reports that in Kashmir these junior officers who went from all over the country to carry out the raids are being harassed by certain political and influential leaders of that area. What step is the government going to take to protect all those junior officers who are stationed in those areas?

Lastly, Sir, I would like to know from the Hon. Finance Minister about the suggestion given by Shri Janardhana Poojary to nab Hema Malini and others. He should not do it at least for Hema Malini. I have got a cinema hall and she has got very good sale in my area. This is my last appeal to you, Sir.

MR. DEPUTY-SPEAKER: I think Mr. Mohan Dev is fond of Hema Malini.

SHRI R. VENKATARAMAN: Sir, Shri Sontosh Mohan Dev, has asked the question: from what date this Hawala transaction is going on? From the preliminary examination of the seized documents we find it has been going on from somewhere in 1973-74 to this year. This has come to our notice only now after we seized these documents.

The second question which he asked is: Why was this not discovered earlier? Sir, the way in which transaction goes on is such that on the surface it looks as if it is very correct. The Account Payee cheque is issued and the Account Payee cheque is credited in the account and then it is drawn so that when it goes to audit, there would be payment of everything according to rule. But after the cheque is credited, this man receives the money in cash and pays it as blackmoney. This is a thing which cannot be discovered unless we have information. And once we got the information, we were able to nab it.

Third question he asked: Whether fuller investigation is carried on in other areas? Yes, Sir, whenever we get instances of this kind of fraudulent transactions, we immediately put our staff on the alert in all the area to find out whether such kind of transactions take place in other important centres.

Fourthly, he said: We should give protection to our officers. Sir, it is our endeavour to give all the protection to our officers. In fact, they can draw on the services of the Central Reserve Police as well as the local police whenever they go for searches outstations.

So far as Hema Malini is concerned, I have no opinion.

श्री कृष्ण प्रताप सिंह (महाराजगंज) :  
उपाध्यक्ष महोदय, इस पर मंत्री महोदय ने सदन को काफी अपने उत्तर से संतुष्ट किया है कि इस देश में काला धन्धा करने वालों को सख्ती से पकड़ा जायना और उन पर कठोर से कठोर कार्यवाही की जायगी। हमारी सरकार ने 74, 75 और 76 में भी इस तरह का काला धन्धा करने वालों के ऊपर देश के हर कोने में बड़े बड़े शहरों में छापे मारे थे। बहुत सारे मामले प्रकाश में आए थे और बहुत लोगों के कागजात

पकड़े गए थे। परन्तु फिर जब जनता पार्टी शासन में आई तो आपात स्थिति के समय जो बहुत सारे काले घंघे के मामले प्रकाश में आए, बहुत सारे लोगों को पकड़ा गया था, बहुत सारे कागजात पकड़े गए थे आयकर अधिकारियों के द्वारा—ऐसे मामलों में आप लोगों ने बिना किसी कार्यवाही के अधिकतर मामलों में कागज लौटा दिए और उनसे जुर्मना तक नहीं लिया और अंदा पर कर अदायगी योग्य भी था वह भी आपने नहीं लिया। मैं मंत्री महोदय से अनुरोध चाहूंगा कि जनता पार्टी के शासन काल में ऐसे कितने मामले और कागजात लौटा दिए गए थे जिनको कि आपात स्थिति के समय हमारी सरकार ने पकड़ा था ?

यह हवाला करोबार जो प्रकाश में आया है, इसके बारे में कल पढ़ने के बाद कई व्यक्तियों से हमें पूछना पड़ा कि यह हवाला घंघा क्या है। हमारी सरकार के उच्चाधिकारियों तथा कर्मचारियों की तत्परता के कारण इस प्रकार के काले घंघे, जो नये नये रास्ते अपनाकर किए जा रहे हैं, प्रकाश में लाए गए हैं। इसके लिए मैं उनको धन्यवाद देता हूँ और आशा करता हूँ कि सरकार जो इस तरह के सब कदम उठा रही है उससे देश में कालेबाजी पर पूर्ण रूप से काबू पाया जा सकेगा।

SHRI R. VENKATARAMAN: I have no figures as to how many cases were withdrawn. But I should give the number of searches which were carried out during that period. During 1977-78, 617 searches were carried out, and Rs. 3.53 crores were seized. In 1978-79, 1345 searches were carried out and Rs. 5.12 crores were seized. In 1979-80, 2100 searches were conducted and Rs. 12.14 crores seized. In the first year, there has been a very small amount of searches and seizures; but subsequently it increased.

# MATTERS UNDER RULE 377.

(1) CORRUPTION AND MALPRACTICES IN NATIONAL AGRICULTURAL COOPERATIVE MARKETING FEDERATION OF INDIA (NAFED)

DR. VASANT KUMAR PANDIT: (Rajgarh): Sir, under rule 377, I wish to raise the following matter:

The National Agricultural Co-operative Marketing Federation of India (NAFED) was established for a laudable purpose of becoming a service cooperative agency to the farmers and agriculturists of India. Thus, cooperative marketing was the essence of its existence. Unfortunately, this national agency has become a breeding ground for corruption and malpractices. Besides, the affairs, administration and functioning of NAFED are far from satisfactory. Even the employees are dissatisfied at its working.

The House is aware that since June, editorials and various news items appearing in papers have totally shaken the faith of Indian agriculturists and farmers in this cooperative agency and its utility. Serious charges of corruption have been levelled against NAFED regarding exports of onions to Russia. An enquiry board of NAFED is probing into these charges and the huge losses suffered by NAFED in their exports and the unlimited corruption and mal-administration. Such a state of affairs is indeed alarming and disturbing from the national point of view. Even the faith and trust of foreign importers of NAFED have been shaken.

It has also come to light that administrative expenses in NAFED have gone up above reasonable limits. There has been a spate of court stay orders, employees' agitations and neglect of farmers' interest in NAFED.

May I, therefore, request the Government to step in immediately to