

the House. [Placed in Library See No. LT-4463/73].

There are three grades of Draftsmen in the Central Public Works Department, namely Draftsman Grade I, Draftsman Grade II and Draftsman Grade III. According to the Recruitment Rules, the post of Draftsman Grade II is filled 100 per cent by promotion of Draftsman Grade III with three years service in the grade and post of Draftsman Grade I is filled 100 per cent by promotion of Draftsman Grade II with 8 years service in the grade. Draftsmen Grade I are eligible for promotion to the post of Chief Estimator after putting in five years service in the grade on regular basis.

(b) No.

(c) Does not arise in view of answer to (b).

(d) The duties of Draftsmen working in the Divisions Circles and Planning Units are analogous. In view of this, the question of changing the existing procedure in regard to the posting of the Draftsmen does not arise.

**Allotment of Fallow Land to Landless Harijan Adivasi**

2989. SHRI NATHU RAM AHIRWAR: Will the Minister of AGRICULTURE be pleased to state:

(a) the total acreage of fallow land allotted to the landless families up to 31st January, 1973 by the States who have started allotment thereof and the State-wise number of such families allotted such land; and

(b) the number of landless Harijan and Adivasi families out of the families who have been allotted fallow land?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI ANNASAHEB P. SHINDE):

(a) and (b). The information is being collected from the State Governments.

**CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE**

12.02 hrs.

**REPORTED PURCHASE BY FOREIGN INTERESTS OF SHAREHOLDINGS IN METRO THEATRES, CALCUTTA AND BOMBAY WITHOUT PERMISSION OF RESERVE BANK OF INDIA**

SHRI H N. MUKERJEE (Calcutta—North-East): I call the attention of the Minister of Finance to the following matter of urgent public importance and I request that he may make a statement thereon:

“The reported recent purchase abroad by foreign interests of the entire shareholdings of Metro-Goldwyn-Mayer Inc., USA in Metro Theatres, Calcutta and Bombay without prior permission of Reserve Bank of India and without guarantee of the interests of the Indian economy.”

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESHI): Enquiries about the sale of two Metro theatres in Bombay and Calcutta reveal that these are owned by two foreign Companies, viz Messrs Metro Theatres Bombay Limited and Metro Theatres Calcutta Calcutta Limited respectively. Both these Companies are incorporated in U.S.A. and their 100 per cent shares their 100 per cent shares were owned by Metro-Goldwyn-Mayers Inc. U.S.A. The entire share-holdings of Metro Theatres Bombay Ltd. and Metro Theatres Calcutta Ltd. held by Metro-Goldwyn-Mayers Limited have been acquired by Messrs. Transarva S.A. a Company incorporated in Geneva. No application seeking approval to this transaction has so far been received by Reserve Bank. The legal position about the question of taking prior permission of the Reserve Bank of India under the provisions of the Foreign Exchange Regulation Act, 1947 is being further looked into in consultation with the Ministry of

[Shri K. R. Ganesh]

Law at the highest level and the Attorney General of India.

Further investigations regarding this transaction are also in progress as it is suspected that some Indian parties might be at the back of this deal.

SHRI H N MUKERJEE: I am amazed that Government professes ignorance of a strange and sinister story which is more or less common knowledge in the circles connected with the Metro Theatres in Calcutta and Bombay. I wonder from the tone of this answer if Government has collapsed altogether in so far as any supervision particularly of foreign capitalist interests operating in this country are concerned. It was known since early 1972 that some dirty deal was being made abroad, a deal of transfer by Metro-Goldwyn-Mayer Letters from Metro employees in Bombay and Calcutta were being sent to different Ministries in the Centre as well as in the respective States, and, on the 20th March, 1972, even one H. N. Trivedi, described as General Secretary of the Bombay Pradesh Congress Committee had written to the Prime Minister herself drawing her attention to this dirty deal which was at that time in the process of being made. Very probably it is partly an arrogant answer of the American interests in this country, an answer to Indian Government's check on the issue of licences for the import of American films. They want to do the dirty on us in whatever way they can.

Sir, in regard to this transaction of which the Government professes to be blissfully ignorant, there were special articles in the Bombay weekly, *Blitz* on the 10th June, 1972, under the caption "Metro's Fall to Smugglers?". It mentions the names of certain people whom I shall not name—Indian nationals—against whom raids had been made—who were very questionable customers and they were in this business. Then

*Blitz* again wrote on 2nd of September 1972 under the caption "Mystery of a top-secret transaction: Mahagonal of Metro" It wrote again on 28 September 1972, and again on 9 December 1972

Apart from *Blitz*, to which some of my friends there might have an allergy, the *Economic Times* of Bombay wrote on 17th November 1972 under the caption "Phantom Takes Over". Then again it wrote on 30th November 1972 which ends up its "The Metro Mystery". I am quoting from the *Economic Times* of 30th November 1972 which ends up its write-up by saying:

"It is clear that the plethora of Government agencies are unable or unwilling to apply the alertness and intelligence necessary to keep track of even publicly-announced business transactions, not to speak of cases of under-hand deals and clandestine foreign exchange leaks. Their usual response is to bolt the door after the stud has bolted or to plead helplessness. So the adversary goes on pastures now operating always to the detriment of this country's economic interests".

In this House on 24th November, there was an answer to a question asked by Shri Indrajit Gupta by the Minister of Foreign Trade where they professed to be ignorant of this purchase by a Swiss corporation and they also said that this would require the approval, and the knowledge at least, of the Reserve Bank of India but that had not been secured. This answer was given on 24th November, even though on 6th November in Calcutta and Bombay papers, an advertisement had been put down by an attorney, Gagrat and Co. giving public notice of the sale already having taken place.

In the meantime also, there were some allegations about two people, whose names I would not mention but whose names are there with the

Government of India in communications with the Ministeries, who are supposed to have been dealing in gems and precious stones, a man who is now the constituted attorney of the new board of directors which is operating the Metro Theatres in Calcutta and Bombay—a man who is acting as the constituted attorney—is supposed to have been a dealer in gems and precious stones. He has been in the bad books of the Customs. Raids had taken place in so far as his holdings were concerned, and yet the Government does not seem to know.

Actually, Government misled the House on 24th November by saying that there is no information, when a public notification had been given in the papers by way of advertisement by the attorney of the foreign interests concerned, notifying the whole country in regard to this business. That is why the *Blitz* once more on the 2nd September said that if such hush-hush transactions can be permitted to be gone through, it may not be impossible for Tatas, for example, to sell off the Jamshedpur complex to some foreign interests and we would not know about it because these blighters in the Ministry have not the foggiest notion as to how one has to regulate the economy of this country.

In the meantime, the employees, about whom we are very much concerned, because some of us are connected with the unions relevant to this organisation, the employees in Bombay and Calcutta are in terrible trouble. Most of those employed in the Bombay Metro have been pushed out, have been dismissed; only one or two perhaps have been somehow keeping on. In Calcutta, they are having a hard job, having to fight all the time moving the Ministers in. Whatever way they can be moved, and assert their own strength and unity as a union. They are trying to do something because they find that the proprietorship has changed, the direction has changed, new fellows

are coming into the picture and the constituted attorney of a man who is supposed to be a customs thief, smuggler and that sort of thing is trying to lord it over the whole show.

Therefore, the position is eloquent of Government's utter incapacity to manage in the most elementary fashion even the foreign exchange resources of this country, when to the extent of millions of dollars of foreign exchange assets of this country are alleged to have been frittered away in this kind of dubious transaction. Therefore, I would like the Finance Ministry, if it can wake up at all, after all this has passed, to do certain things. I would like it first of all to expedite this enquiry into the whole thing. I would like it to identify the culprits, some of whom have been named in the correspondence with the Ministry, that Indian nationals are hand in glove with foreign interests and they are together; they are hoodwinking the Government. I would like Government also to tell us what they propose to do in regard to the job of taking over the Metro concern, exhibition as well as distribution of their films, and also the foreign distributing agencies like Fox and Universal and so many others which are operating in this country where also similar dirty deals are probably in the offing.

I would like Government to tell us what they have in mind in so far as taking over of these concerns is concerned. I would like Government to tell us what they are doing if anything. I do not think that they are doing anything at all for safeguarding the interests of the employees some of whom have already discharged and the others are fighting an unequal battle without the assistance of the Government.

I would like, therefore, to have very specific answers as to what enquiry has been made and what expeditious steps are being taken to get

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this enquiry completed; what identification has been made so far in view of the material already given in the newspapers and in the correspondence of the smugglers and others—Indian nationals who are interested in this business—what steps are being taken for the taking over of Metro and other foreign cinema agencies who are trying off their own bat because of the Indian policy of restricting the import of foreign films. What is the Government doing in regard to the safeguarding of the interests of the employees of this Metro cinema particularly in Calcutta and in Bombay?

SHRI K. R. GANESH: Mr. Speaker, Sir, I am thankful to the hon. Member for bringing this very shady deal before the bar of the highest sovereign body of the country. Most of the facts given by the hon. Member are correct.

There are two aspects of this matter. One of course is the legal aspect of it, and the other is the factual position as given by the hon. Member. As far as the legal aspect of it is concerned, the present position is that these two companies, the Metro Theatres, Calcutta and the Metro Theatres, Bombay, are non-resident companies incorporated in the United States of America, and the relevant provisions of the Foreign Exchange Regulations do not seem to apply.—I will explain why I say 'do not seem to apply'—to this transaction which is between two-non-resident companies. I said 'do not seem to apply' because we want to be absolutely doubly sure. Though the Reserve Bank's opinion is with us, and the opinion of the Law Ministry at certain levels also is with us, we want this matter to be further gone into by the Law Minister, by the Attorney-General, so that there is no shadow of doubt at all that the relevant provisions of the Foreign Exchange Regulations as at present do not apply to this deal which has taken place

between Metro-Goldwyn Mayers, United States, and Tramarsa SA of Geneva. This is the legal aspect of the matter, and we are trying to expedite the examination of this.

Sir, as early as 7th July, 1972, when this matter came up in our press and when the Reserve Bank also know about it, when the hon. Member himself drew the attention of the Minister of Foreign Trade, the **Enforcement Directorate had gone into action.** The Enforcement Directorate had raided the house of one Agarwal first, who was trying to negotiate this deal, but the deal fell through. It was a straight negotiation between an Indian resident and a foreign company. The Enforcement Directorate also raided the famous Gupta Brothers, whom the hon. Member has not mentioned by name but which I gave to Parliament. It appears from facts available with us that these Gupta Brothers have been at the back of this deal and there is reason to believe that they have entered into this fraudulent deal and they are the actual purchasers of this and not Tramarsa. The whole matter is under investigation and I can assure the hon. Member that we shall expedite the enquiry and all the wings of the enforcement agencies, the Enforcement Directorate, income-tax, customs, etc. have been put into action so that we can expedite this from all angles. We shall find out the shady character of some of these persons who are involved in this deal.

He has asked me whether the culprits have been identified. The culprits have been identified and their records as far as customs, etc. and various other things are concerned are known to the Enforcement Directorate. As regards the question as to what is proposed to be done as far as these theatres are concerned, the Information and Broadcasting Ministry is going into the whole question of the import of foreign films after the expiry of the agreement, the ex-

hibition of these films and their canalisation through the STC. The hon. Member asked whether these theatres would be taken over by any of these agencies. When their policy is framed this matter will also be kept in mind.

**SHRI H. N. MUKERJEE:** He says that a man called Gupta has been identified as the culprit. He is the constituted attorney of the new board of directors and is operating as such, lording over everybody in the Metro theatre in Bombay. Cannot this be stopped as an interim measure? Cannot something be done to stop this obvious blackguard who is doing dirty things to the employees in Calcutta and Bombay?

**SHRI K. R. GANESH:** The only instrument that we have is to find out the activities of these persons in relation to foreign exchange, income-tax and various other legal things that we have in hand. He has been constituted as the legal attorney of Tramarsa Company. We are looking into the various facts that are there in the Enforcement Directorate, how this man who seems to have been the main culprit in this whole deal could be brought under the purview of law. We are also taking steps to see that no remittances are allowed till the whole matter has been gone into and enquired into.

**SHRI S. M. BANERJEE (Kanpur):** I am thankful to the hon. Minister for admitting, for once, that this was a shady deal. The facts given by Shri Mukherjee and revealed by press agencies also, clearly show that these matters were brought to the notice of the hon. Minister or to the Finance Ministry. It is also known that there are certain Indians who are at the back of this dubious or shady deal and some of them have been charged with certain offences. The enforcement directorate and others are dealing with these cases. I want to know when was this matter brought to your notice? Is it a fact

that no notice of it was taken when a news item appeared in *Blitz*, and also when it was forwarded by some Members of Parliament and also by some employees of Metro Theatres of Bombay? I would like to know what action was taken early in 1972 when this matter was brought to the notice of the Finance Minister and if there is any lacuna in the law, when the transaction was going on, why that lacuna was not removed? How is it that the Gupta or Guptas were not arrested because they were at the back of all this? Am I to take it that simple interrogation is going on when this particular Gupta or Guptas have a bad record in the matter of income-tax, foreign exchange violation etc.? I would like to know whether they have been arrested, and if so, why this particular gentleman has not been removed from the position he is enjoying at present because he is actually deciding the fate of those employees who are rotting on the streets of Calcutta and Bombay, not knowing what their future is going to be. I want to know when a final decision is likely to be taken and whether these companies are to be taken over by the Government.

Secondly, is it not a fact that it was made known to the present Chief Minister of West Bengal when the deal was going on? I want to know whether he has taken up the issue with the Central Government or not.

Thirdly I would like to know the role of the Reserve Bank in this matter, when it was made known to the Reserve Bank when they acted and whether it is a fact that some of the senior officials of the Finance Ministry or some of the directorates dealing with such matters are also at the back of it and if so whether adequate action will be taken against them? Otherwise, the deal was almost impossible.

The Minister says that it has been referred to the Attorney General of

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India When was it done? If I am not mistaken, it is not even a week since it has been referred. Where was the Finance Ministry and the legal luminaries when this question arose and when they wanted to consult them whether any action could be taken under the law or the law required any amendment? I would like to know when this was referred to the Law Ministry and to the Attorney General. What is the explanation of the Minister for the abnormal delay in taking suitable action to make this shady deal abortive even at the initial stage and why no action was taken?

SHRI K R GANESH As I said the present legal position as has been given to us is that there is no provision in the Foreign Exchange Regulation Act of 1947 to prevent a deal of this nature between two non-resident companies. If it was a deal between a non-resident company and a resident, then of course the relevant provisions of the Act would come into force. As I said to be doubly sure we wanted to have the legal opinion at the highest available level in the country because this interpretation is not free from doubt. As the matter stands it was not possible to take any action under the relevant provision of the Foreign Exchange Regulation Act.

SHRI S M BANERJEE When was it referred to the Attorney General?

SHRI K R GANESH We have referred it during the last few days. I can say that it is the opinion of the Reserve Bank and also of the Law Ministry at a particular level that the relevant provision of the Foreign Exchange Regulation Act does not apply and we cannot do anything about it.

SHRI S M BANERJEE This was referred to the Attorney General after the notice of the Calling Attention was received.

SHRI K R GANESH We wanted to be doubly sure of the position. This opinion is perfectly valid. But we wanted it to be processed at the highest level by the Attorney General.

MR SPEAKER He wants to know when this was referred to the Attorney-General.

SHRI K R GANESH It was done only recently. I am not satisfied with the opinion. So I decided to refer it to the Attorney General. That is the position.

Whatever lacuna is there in the Act is now sought to be removed by the new Foreign Exchange Regulation Bill which is now before the Joint Committee of the House. When that Bill becomes law the people will have to apply to the Reserve Bank under section 27 and that will be another point of time when we will be able to put some checks.

Then he asked why these people have not been arrested. As soon as this became a public issue as early as July 1972 the Enforcement Directorate went into action, seized documents, processed documents and has been able to locate the activities of Gupta Brothers. Now they are trying to find out the bank accounts and other particulars. I can assure the House that the seriousness of the deal and the shady character of the persons involved are before the government and we will take all the necessary steps under the law.

SHRI S M BANERJEE They have not been arrested. I am told that even their passports have not been impounded. So they may run away. Let him give the assurance that their passports would be impounded.

SHRI K R GANESH We are trying to find out what flaws are there in their dealings under the Foreign Exchange Regulations Act because the action against them has to be taken in a proper manner.

**SHRI C. K. CHANDRAPPA** (Telli-cherry): We have never found the Treasury Bench taking so defensive a position before. It is admitted in the statement that government was blissfully ignorant of the whole transaction and now the Minister says that he can take an offensive position which I do not think he can.

As **Shri Hiren Mukerjee** has pointed out, answering a question in this House the Government had stated that the transaction should have at least come to the notice of the Reserve Bank. At that time government were very sure that no such transaction could have taken place without the knowledge of the Reserve Bank. Today the whole basis of the argument of the Minister is that it is a transaction by a non-resident company. Were the government not aware of this fact when this question was put in Parliament some time back? Did they get this realisation rather suddenly? Answering the question of **Shri S. M. Banerjee**, Government have not clearly stated how they are going to prevent this type of shady transaction in future. This transaction was done by a company in the United States which is more concealed than the Government of the United States perhaps. There are so many such non-resident companies in this country. Will the Government give an assurance that they will take such measures by which it will be made impossible to conduct such transactions by companies without the knowledge of the Reserve Bank and the Government?

Secondly, in the last part of his statement the Minister has mentioned that some of the Indian directors of those companies or those very closely associated with them were parties to these transactions or they were aware of this transaction. In that case, I would like to know whether the government have questioned them and proceeded against them. If so, what are the types of actions taken against them?

My last question is this. This is a matter in which the Ministry of Foreign Trade, the Ministry of Finance

and, I do not know, whether the Ministry of Information and Broadcasting are also involved. When the Government started acting, though late, I want to know whether they have made any attempt to have a meeting, to coordinate the action of the Government, of all the three Ministries and take some concerted action by which these culprits could be brought to book more effectively.

**SHRI K. R. GANESHI**: It is not correct to say that the Government was ignorant about it. As I have said earlier, as soon as this question became a public issue, the Enforcement Directorate went into action. Since the parties had not applied to the Reserve Bank for permission, it was not possible for the Government to do anything in the matter. According to the legal understanding at the moment, the deal between two non-resident companies does not require prior permission of the Reserve Bank. That is the position.

As I have said before, the Enforcement Directorate, as early as in June or July, 1972, went into action. It raided the houses of all these persons who were concerned in this deal and took all the documents that were there. They had interrogated the persons a number of times and were able to locate the entire ramifications of the deal, of the persons involved in it, their activities, their bank accounts, their various other shady deals. The Income-Tax Department as well as the Customs, in whose custody these records are taking a coordinated action under the Directorate of Revenue Intelligence to see that these persons are brought to book.

The other question that the hon. Member asked is how to prevent such a thing taking place. As I have said earlier, we have already introduced a Bill which will remove this lacuna. When it becomes an Act, we will have necessary powers to see that such deals do not take place.

**SHRI C. K. CHANDRAPPA**: That will come into force many months later.

**SHRI K. R. GANESH.** In the interim period, during the period of investigation, as I have said earlier, we are trying to block the remittances of these firms of those companies; and we are also trying to find out what other measures could be taken so that the deal that has been effected could be blocked to the extent possible.

**SHRI INDRAJIT GUPTA (Alipore):** I hope, my hon. friend, Mr. Ganesh, is conscious of the fact that the reply he is giving is full of contradictions. He has said more than once that under the existing law, no action can be taken in the case of a transfer property or transfer of shares effected between two non-resident companies. If that is the position, and I have no doubt it is in law, where is the salary deal coming in? At the same time, he has admitted repeatedly that some shady deal has taken place. It is suspected that some Indian nationals are behind this deal. Why are we continually being confronted with this position in law that the advice of the Law Ministry and the advice of the Reserve Bank is that nothing can be done in this case because it is a case of transaction between two non-resident companies. If that is so, the matter ends there. Why does he not say so? Why is the Government being forced to say, at the same time, that there is a dirty deal behind it and persons who are resident, Indian nationals, are involved in it?

Sir, with your permission, I may quote from a letter of 2nd January, 1973 written by my hon. friend, Shri L. N. Mishra, the then Foreign Trade Ministry replying to Mr. H. N. Mukherjee on the subject.

I am quoting from the letter written by Shri L. N. Mishra to Shri H. N. Mukherjee on the 3rd January:

"The sale of property owned by foreigners in India needs the approval of the Reserve Bank of India and the Ministry of Finance. No such proposal has so far been received. The press reports you have referred to have come to my notice

also. It appears that some clandestine deal taken place."

This is admitted, in writing by the Foreign Trade Minister. Our purpose in raising this call-attention is not to be given a lecture about the position in law, but we want to know about this clandestine deal which is admitted here. I want to know something to which he has not replied. He has told us that the enforcement branch went into action long ago and so on. If that is so, the mystery deepens still further. How is it that month after month when questions were asked on the floor of the House, the Government—may be not this Ministry but another Ministry, but I presume that they are all part of the same Government—has gone on studiously parading its ignorance and saying that they know nothing about it? How does it happen, I want to know.

Reference has already been made to the reply given by the Ministry of Foreign Trade to my question in which they have said that they have no knowledge about it.

Again on the 22nd December, I asked a question in a slightly amended form from whether Metro Goldwyn Mayer had sold their film distribution rights in India to Golden Film and Finance Private Ltd. This Golden Film and Finance Private Ltd. is an Indian firm which is reported to be a subsidiary of M/s. Tramarsa S. A. of Geneva. The reply given to what is that Government is not aware of the sale of film distribution rights to M/s. Golden Film and Finance Private Ltd. So, they apparently knew neither about the sale of the cinema companies nor did they know about the sale of film distribution rights.

On the 27th April, last year, there was a letter addressed by Mr. W T Wilson, Managing Director of Metro-Goldwyn Mayer India Ltd., addressed to the Managing Director of the Indian Motion Pictures Export Corporation who at that time was a gentleman called Mr. A. K. Sud. In that letter he says:



"It is correct that our principals in the USA are contemplating the sale of their theatre properties in India. To this end, they have already given a letter of intent to a prospective purchaser."

This is stated in a letter written over one year ago.

Then, on the 10th October last year a retrenchment notice was served on the employees at Calcutta and Bombay. This was also signed by Mr. Wilson, Managing-Director. The body of that retrenchment notice contains the following:—

"As a measure of economy, particularly in view of our non-receipt of import licences as a result of the recently announced Government of India Policies to Canalise in Parts of all foreign films through a public sector agency, the company has handed over the physical distribution of films handled by it to M/s. Golden Films and Finance Private Ltd."

This is contained here in their retrenchment notice in October.

In December I find the Minister of Foreign Trade saying that Government is not aware of it. So, my first question is that he must explain this. Does Government function as a whole or does one Ministry not know what another Ministry is doing? The Enforcement Branch is supposed to have gone into action long before that. The Ministry which is concerned with the question of foreign films come repeatedly before the House and say that they have no knowledge of what is going on.

Again, Mr. W. T. Wilson, on the 9th June, of last year, had addressed a letter to the Joint Secretary, Labour Department, Government of West Bengal, in which he says:

"M/s. Metro-Golwyn-Mayer, Inc. USA, have entered into an agreement with M/s. Tamarasa S. A., Geneva, Switzerland, to sell their holding in Metro Theatre Calcutta Ltd. to M/s. Tamarasa, but the transaction has not yet been completed."

I can go on quoting. There are so many exhibits. All these things were known. There was public knowledge. And the real question I am getting at and which Mr. Mukerji also had asked but no reply had been given is: all these multifarious and multiple agencies of the Government of India who are supposed to keep track of such transactions, supposed to keep a watch on them (*Interruptions*). I am not talking about that part of it, which may be secret, clandestine which might not have been known, but publicly announced, publicly declared transactions are taking place and they go on saying that they have no knowledge of it know nothing of it I want to know how it comes about. Because, it is full of serious implications. Other transaction of similar and more serious nature can go on in our country and the various arms of the Government can go on pleading ignorance, that they do not know what is happening until the whole thing is over. This gentleman, Mr. Shiv Shankar Lal Gupta, residing at 20 Fore-shore Road, Bombay, according to the Attorney's notice, was appointed in place of Mr. W. T. Wilson as the attorney for this firm and it is this notorious gentleman who is supposed to have a record of violations of customs regulations, smuggling and so on. We find a meeting of the Board of Directors of the Metro Theatre (Calcutta) Ltd. held in Geneva—at 17 Rou De Mont Blanc, Geneva—on 25th May last year and adopted a resolution which was put down in their Minutes Book as follows:

"RESOLVED that Mr. Shiv Shankar Lal Gupta, residing at 64 Advent, Foreshore Road, Bombay 20 is hereby authorised in place of Mr. W. T. Wilson to operate the following accounts."

All this has been going on and this Mr. Shiv Shankar Lal Gupta and his principal who is supposed to be a gentleman, named, Mr. Agarwal of Cinerama Pvt. Ltd., these are the two Indian parties connected with, acting through this Golden Film and Finance

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Corporation Ltd. I want to know from the hon Minister have they made any specific investigation into the activities of this Golden Film and Finance Corporation and tried to find out as to what are its links and what exactly is its relationship in this whole deal? That is not a non-residential company. That is very much an Indian company. How has it come into the picture? How is it connected with this deal? Has any investigation been held into that? Has anything been found out? He has not told us anything.

One or two more points and I will finish. Another very serious matter has come to light. It is alleged that Mr S N Agarwal of Cinema Pvt Ltd entered into a deal with Metro in Bombay to take over the theatres and a sum in Indian currency equivalent to 20 000 US dollars was deposited by him with the Punjab National Bank as earnest money. I want to know how the Punjab National Bank, which is a nationalised Bank, how such a bank can be a party without the sanction of the Government of India for a proposed sale of 'foreign owned property in this country'. I want a specific reply to this question. This is a nationalised bank. A man comes here deposits an amount equivalent to 20 000 US dollars as earnest money because he is involved in a transaction to take over this property and the Punjab National Bank entertains him. Is it done without the permission or approval of the Government? Is this the way nationalised banks are allowed to function?

The report is that one million dollars is the value of the sale transaction which has taken place and there are blocked funds as Mr Mishra knows very well. When these foreign films and American films are exhibited in the country, a part of their profits which accrued in this country is blocked which is supposed to be used for producing films in India by the foreign companies. I want to know as to what has happened to that money as far as it relates to MGM films. How much is there in the blocked funds?

Are those blocked funds going to be handed to over to Shri Shiv Shankar Lal Gupta? Has he any access to those blocked funds in exchange for which the black money abroad is transferred to Tramarasa, SA Geneva Switzerland? Have these things been gone into?

Lastly, I would like to know one thing. MGM has retrenched these employees on the ground that this is the result of a policy decision taken by the Government of India, namely, that import of these films will be canalised henceforth through a public sector agency and therefore they cannot keep these employees on that ground and they have retrenched them. I would like to know whether the Government of India as a consequence of this policy decision and the distress which these employees have now been thrown into, whether they are at all concerned with the fate of these employees. Will they try to see to it that henceforth these employees who are affected will be provided with alternative job and will be absorbed? I would like him to assure the House that the Government agencies have not defaulted in their responsibilities and that this is not one example which has come to light. What action have they taken against S N Agarwal Shiv Shankar Gupta and Golden Film Company?

SHRI K R GANESH: He has raised a number of questions. There are two aspects of the matter. One is that the deal has taken place between the Metro Goldwyn-Mayer and Tramarasa with the result that shares of MGM in the two theatres in Calcutta and Bombay have been held by Tramarasa. That is one aspect of the matter. In relation to this I tried to give the information on the legal position. Although this deal has been publicised by the Attorney of Tramarasa in India and is known to Reserve Bank of India, still, we have reason to believe that this is not a straight deal between Tramarasa and MGM and certain Indian parties are involved. If Indian parties are not involved in it, the

legal position would be different. There is sufficient material with Enforcement Directorate to come to conclusion that this is a fraudulent deal. There are certain difficulties in enforcing the Foreign Exchange Regulations. We would not be able to deal with this matter adequately unless Parliament accepts the recommendations of the Law Commission about use of powers in such a situation. It is very difficult in normal process of law to catch these people with whatever facts we have got at our disposal.

. SHRI S. M. BANERJEE: The Foreign Exchange Regulation Bill is being amended.

SHRI K. R. GANESH: All these facts are already there. As a result of our experience and as per the recommendations of the Law Commission to remove certain lacunae in the way, we have suggested certain amendments which are in the final stages of consideration in the Select Committee. As I said regarding the sale of property, the legal position is that it has not changed hands but only the shareholdings have changed.

Sir, it is this particular aspect of the matter, whether Section 18(iii) of the Foreign Exchange Regulation Act is applicable to this which speaks of interest due to change in the business of the concern and we have been told that there is difference as far as shareholding is concerned.

As far as Goldwyn-Mayers Inc. is concerned, I have no details at the moment. I will look into this.

AN HON. MEMBER: What about Mr. Gupta?

SHRI K. R. GANESH: They are three brothers. One lives in Geneva, the second in Bombay and the third in Brazil. Sir, it is a good background for a Hollywood story which we are trying to unravel.

About Punjab National Bank whether this thing was deposited or not I will look into it. As far as the em-

ployees retrenchment is concerned, the Ministry of Information and Broadcasting is looking into the whole question of canalisation of import of foreign films and all these matters would be looked into at that point.

SHRI INDRAJIT GUPTA: What about Mr. Aggarwal?

SHRI K. R. GANESH: As far as Mr. Aggarwal is concerned in the first stage, he wanted to purchase these two theatres. His house was raided on 10-7-1972. All the documents were seized. Aggarwal's transaction was an open legal transaction which he wanted to do. He entered into correspondence with Metro-Goldwyn Mayers and one of the clause of the document said: That purchaser and seller acknowledge that the sale must be approved by the Reserve Bank and the Government of India and certain other applicable authorities. Later on, Aggarwal's solicitors informed him that the title deed of the Metro theatres as far as Calcutta theatre is concerned is not free from doubt. Therefore, the whole transaction fell. It is informed subsequently that the Gupta and company entered.

2.54 hrs.

#### PAPERS LAID ON THE TABLE

PRODUCE CESS (AMDT.) RULES AND NOTIFICATION UNDER PRODUCE CESS ACT, AND ACCTS. OF N.C.D.C. FOR 1970-71

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI ANNASAHAB P. SHINDE): Sir, I beg to lay on the Table:

- (1) (i) (a) A copy of the Produce Cess (Amendment) Rules, 1972 (Hindi and English versions) published in Notification No. G.S.R. 1131 in Gazette of India dated the 16th September, 1972, under section 22 of the Produce Cess Act, 1966.

[Placed in Library. See No. LT-4447/73.]