

12.26 hrs.

**CONSERVATION OF FOREIGN EXCHANGE AND PREVENTION OF SMUGGLING ACTIVITIES (SECOND AMENDMENT) BILL—contd.**

**MR SPEAKER:** We take up further consideration of the following motion moved by Shri Pranab Kumar Mukherjee on the 17th August, 1978, namely:—

“That the Bill further to amend the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974, be taken into consideration.”

Mr. K. Lakkappa to continue his speech.

**SHRI K. LAKKAPPA (Tumkur):** I was, on the last occasion, referring to the intensification of the smuggling activities. It has shifted from Bombay sea-shore to the Nepal border. The smugglers, with the second line of leadership, have regrouped themselves in the Nepal border, and they are intensifying the smuggling activities, violation of foreign exchange regulations and so on and so forth. It has been stated some time back that, in spite of effective steps being taken by the Government of India to alert and also to combat this menace, still their activities are going on. As a consequence of adequate and effective steps not being taken regarding revival of the 1971 bilateral agreement between Nepal and Government of India and the bilateral talks seeking Nepal's help to end the smuggling activities and also in respect of the transit facilities extended to Kathmandu for overseas trade, the smugglers carry luxury goods from Japan and China and get into India, and these activities are increasing. But no action has been taken so far. Therefore, this Ministry has to take certain action so far as the intensity of the operations and regrouping of the smugglers in the Nepal border are concerned.

Again, it is being done in connivance with the same people who are in Bombay. There has been a regrouping on the Nepal border, as I said. I shall tell you how this regrouping takes place. They have their contracts with doctors and nurses, and it has been reported in the press and I would like to quote:

“Quite a few among them had ‘managed’ to get admitted to hospitals or nursing homes on ‘health ground’ as many doctors were readily available to oblige them for other considerations.

“But this is not all. More enterprising among them had been leaving their prison wards dead at night to have a good time at the post suits in the hotels at the Colaba area..”

“Several complaints had been received in this connection by the office of the Anti-Corruption Bureau who found on enquiry that there was some truth in the allegations.”

As I said, these people, through the help of doctors and nurses and lawyers, are sending messages to the Nepal border, and these forces are regrouped. No action has been taken so far against these big shots who are behind these activities. I hope, this Bill comes in handy to take further action in this matter and to intensify combating of the smuggling activities. I hope, the Ministry will take all measures in this regard. There are other activities which, in spite of the Emergency and the stringent action being taken, are taking place on the frontiers of the country. The recent incident in Cochin is also an important evidence to show that still the activities are going on on our coastline and unless very stringent action is taken, this menace cannot be curbed.

[Shri K. Lakkappa]

One of the objects of this Bill is the conservation of the country's foreign exchange. Everybody knows that there are certain officers even in the Control Board of Revenues who have got certain links with the higher ups and these higher ups are in the banks and they have got their links with the smugglers. This is the case especially with the non-nationalised banks. Several allegations have been made about certain violations of the Foreign Exchange Regulation Act. They were brought to the notice of the authorities. They were reported in the Press also and there was a big agitation by the people, but with what result? No action has been taken. Allegations were made against a certain officer of a bank but that man has not been arrested. So, Sir, unless the higher-ups who are involved in this racket, who are involved in this foreign exchange and profiteering and racketing net and who are sending money to the foreign countries and meeting people in those countries and having links and accounts with the Swiss Banks, so on and so forth, have been touched, nothing will happen. They have not been touched so far and they have been simply depositing their monies in the non-nationalised banks. There are people even in Kerala, there are people even in Bangalore, there are people in Gujarat who are still carrying on these smuggling activities and have deposited fastidious amounts with the banks and all these have been reported to the Government of India but no action has been taken so far. I would like to know how many non-nationalised banks have made foreign exchange violations and have acted against the rules and regulations of the Reserve Bank of India. So, the important aspect is that all these smuggling activities centre round the banking system of our country. A certain part of our banking system is still in the hands of the private people and these very people are in league with the officers in the Central Revenue Board. Of

course, all the officers, I would not say, are bad. There are some good officers who have taken immediate action in the matter and taken stringent measures but there are still many who are still in league with the private banking system and the nefarious smugglers. Therefore, unless very deterrent and severe action is taken against these elements, violations of foreign exchange regulations will not stop. In spite of passing this law and in spite of giving all the powers to the hon. Minister, I would like to suggest to the hon. Minister that he should touch big sharks and bring them to economic discipline. I would like to say that unless he takes a personal interest in the matter of banking frauds and smugglers being linked with the banks and anti-national activities that centre round these banks, and take stringent action nothing will happen. But no action has been taken so far against these people to immobilise them. Unless such higher ups are put under CCEPOSA, I think, their activities will not stop. People are telling that even to-day there are people who have gone abroad and escaped. The Minister himself has given the figure of 160 or 170 persons. I would like to know. We have got all machinery. We have got our embassies abroad and throughout the world. Why are they not taking some interest and pointing out to you, 'Here is such and such man whom you wanted.'? I think there must be some link, there must be some people even in our Embassies abroad and even in the Finance Ministry. So till these people who are helping them are detected and are brought to book, you cannot effectively fight the smugglers. The smugglers who have escaped are meeting so many people. There is information but the Government of India has not taken any action.

One M.P. who was there in London escaped from that country even without the notice of our embassy although

there was an arrest warrant pending against him. This shows how conveniently they are escaping. What is the role of our officers who are charged with the investigation work? These things are going on on a large scale. The properties of all those people who escape in this manner should be attached forthwith. They transfer their properties in very many benami transactions. So, their properties should be immediately attached. But this is not being done. Now they have shifted their activities to Bangalore. Many international smugglers and racketeers have been arrested. Many persons are there who are involved in smuggling on the borders of Karnataka State. Those people could not be proceeded with because the records are not coming. Therefore, these things should be properly investigated. There should be one single agency to see to it that these smuggling activities are curbed and the work properly coordinated. That sort of intensification of activities is not there. You should intensify your activities. All States must cooperate to see that smuggling is rooted out of this country. If there are any difficulties in the way due to shortage of personnel, this may be set right. The officer or the custodian concerned should take all legal proceedings to attach the properties of smugglers immediately.

About three or four months back we have been told that the Government would need some sophisticated electronic devices and machinery to be installed at various international airports of the country. They said they would get certain help from some of the foreign countries. I do not know what is the step which they have taken in this regard. Unless we have this machinery or electronic device we may not be able to find out the method or *modus operandi* of the smugglers. So, this should be installed immediately. Taking advantage of the emergency, we should intensify our activities.

Various raids are made. Sometimes personal diaries are found during the raids showing the various links of the smugglers with cases connected with foreign exchange racketeering and so on. But after the raids, such diaries are not at all forthcoming during the investigation. The personal diaries have been handed over by the officers many times. This is the most important piece of evidence against the culprits. It is in these personal diaries where they note down many things. These have not been seized by the officers sometimes. I think there is a biggest conspiracy regarding the seizure of the personal diaries. Therefore, I would like to know from the hon. Minister whether any attempt has been made to see that when the raid is made in the country, all the records available are seized and they are photographed. And one copy of the same should be sent to your Ministry; that should be published or that could be taken up for a further investigation if necessary to deal with the matter at a later stage.

All the seized documents must be 'photostated'. Otherwise many big people having their links with the smugglers and having black money escape now-a-days because the investigation is not foolproof. Therefore, I want that some system has to be devised. This requires to be handled by the honest and dedicated officers. The operation of this legislation wants only dedicated and honest officers. You may be knowing that in the Customs Houses there are officers posted in various places like Madras, Bombay and Calcutta and all these people are still there for a considerably long time. They are the people who know the smugglers. You have not changed them. You have not made any shuffle of those officers for a long time. We want new officers who are of high integrity. You should take this very seriously to see that dedicated officers are posted there. If this is not done it would be very difficult to unearth the activities of the smugglers. It is no use having the COFEPOSA unless of

[Shri K. Lakkappa]

course it yields 100 per cent results. We must make use of the emergency for the purpose fully. Emergency has brought about stability to our economy. The value of our rupee has also gained because of this. There is an improvement in remittances from abroad. Unless the people who are operating abroad—these international smugglers or racketeers—and their links are smashed completely, they may again raise their ugly heads at any time and try to circumvent this legislation and continue to do their smuggling activity.

Many hon Members have suggested a new strategy to put an end to the smuggling operations in the Nepal border. There was a talk recently held between our two countries, in regard to the renewal of the 1971 treaty on trade and transit, certain exchanges of views also took place between the two countries. Unless they come to our help in combating the smuggling activities it would be an impossible task for us to check that menace. The other day there was a question in this House and it was asked from the Ministry whether it was seeking international help in combating the smuggling activities. These activities are operated in the gulf countries in a most intensive form. Since the gulf countries are also involved in this it is better that we have proper guidelines in the matter. The officers working in various parts of the country should keep a close watch over the activities of these people who are moving here and there. This requires dedicated officers to see that this law is implemented in letter and spirit.

Sir I welcome this measure and the spirit behind it. I hope the Ministry would take care of this situation by using this measure. I thank the hon Minister who is a very sincere and dedicated person for having done a good work. The officers in the Ministry should adopt new devices to combat the smuggling activities and thereby

enhance the prestige of this country. We have fought this inflation very successfully after the proclamation of emergency. Further consolidation of the gains and improving our economic conditions is much dependant upon taking a severe action. I once again emphasise the point about private banks. It should be looked into. It is a great menace. I hope the Minister would take stern action and give a befitting reply to the points raised by me.

**SHRI M RAM GOPAL REDDY**  
(Nizamabad) Mr Speaker Sir, I congratulate the Minister for the excellent work done by him during the last one and a half years. The staff is the same but the extraction of work is excellent. It is not always necessary that staff should be efficient. When the Minister is efficient automatically the staff also becomes alert.

जैमा मवार वंना बांडा ।

The Minister has infused confidence amongst the loyal officers and staff. Once I had an occasion to visit some places along with him and I saw the young officers being very happy to see the Minister and they pledged whole-hearted loyal service to the nation.

Sir this Minister's contribution to this country's exchequer is over Rs 1,000 crores in foreign exchange. Previously, the smugglers used to smuggle goods worth over Rs 1,000 crores of gold, TV sets and other items which our people used to purchase with great lust. Earlier the smugglers possessed mechanised boats, weapons and had also 'goondas' with them. Now their back is broken. They cannot wag their tail now. Previously the 'goondas' used to divide the entire coast-line among the local dadas and these dadas were responsible to big bosses. These dadas never disclosed the names of these bosses and, as such, the judiciary was not in a position to give punishment to the real culprits and only the smallest fry used to be tried in the court of law.

Now, the big bosses have been wounded up but still some people have not been arrested so far. I have got the information with me and pass on the same to the hon. Minister. Until and unless all these people are arrested, I think, this nefarious activity cannot be stopped.

Every year gold worth-Rs. 350 to 400 crores is smuggled into India and in India about 48 per cent of the total gold is held by private parties whereas in the whole world only 6.5 per cent of the gold of that country is held by private people. Sir, we are producing enough of gold in our country and if we have to stop gold smuggling completely, I suggest, some gold at least be released by Government at a price of Rs. 400 to 500 per 10 grammes. Why are people after gold? Why are they purchasing it at any price? In 1963, the price of 10 grammes was about Rs. 150. Now it is over Rs. 500. The value of the gold which people bought in those days has gone up by 3 times. If interest is calculated, they have earned every year an interest of 33 per cent on their gold holdings. That is why I want that wherever there is gold held, Government should have a list of the details of gold held by people. When they are having so much gold and it has appreciated so much in value, why not wealth-tax be levied on such holdings of gold at the present prevailing price?

These emergency powers have been assumed by Government only to stop these big smugglers from operating. Previously whenever a 'goonda' was arrested, their big bosses used to hush up the case; they used to destroy the evidence or silence witnesses by doing away with them. Now Government have had no alternative but to take recourse to this law.

Before this Ordinance was promulgated the value of the total goods smuggled into India was over Rs. 10,000 crores, or even more. We have had to fight three wars with Pakistan and one with China, we had droughts, famines,

floods and strikes. It is calculated that the loss on account of smuggling is more than all these losses the country suffered. That shows what a great loss the country has been suffering on account of smuggling. We also suffered loss of prestige. The impression had gone round that anybody can smuggle anything into India and we cannot stop it. As we stopped our enemies from entering into our territory, now we are stopping smuggling of goods into our country. Previously when smuggling was going on, practically no amount was remitted by our people residing in foreign countries through legal channels. Now that all illegal transfers have been stopped, I am told by the Finance Minister that the inward remittance has gone up to Rs. 2,000 crores I congratulate the Ministry on this excellent work.

Recently some people who had evaded income-tax were given a chance to declare their hidden income and pay 50 per cent of the tax which would exempt them from other punishment. Now I would request the Minister to see whether he could devise a scheme whereby a chance is given to people who have deposited their money in foreign banks to declare it and pay taxes. If some such concession is given to such people on the lines of the concession he gave to people who had hidden their incomes in the country, I think that will also greatly help the country and also give an opportunity to those people to reform themselves.

Once a criminal is not always a criminal. The smugglers might have been thinking that they were a law unto themselves and there was no law except their own law. Now they have seen what punishment they are getting if they are not honestly declaring their assets and foreign investment. I am told that some of them have got major shares in some watch factories in Switzerland. If they disclose all their wealth and pay all the taxes, will the government have any soft corner for them? I request the hon. Minister to consider this suggestion seriously

[Shri M. Ram Gopal Reddy]

and I once again congratulate the hon. Minister for the excellent work done for the country.

THE MINISTER OF STATE IN CHARGE OF THE DEPARTMENT OF REVENUE AND BANKING (SHRI PRANAB KUMAR MUKHERJEE). I am grateful to the hon. Members who have made their observations on the Bill. Almost all of them have paid compliments to the officers of the department for the good work that they are doing. I am also grateful to the House for according its approval on earlier occasions when we brought legislation to combat one of the biggest economic menaces. I entirely agree with the observations of the previous speaker that economic offences such as smuggling and foreign exchange racketeering caused more grievous hurt to the country compared to what any individual event might have caused.

For almost two years now, we have been taking stringent measures against smugglers and foreign exchange racketeers. We passed MISA in September, 1974 and Parliament converted that Ordinance into a full-fledged piece of legislation in the form of COFEPOSA. Subsequent amendments were brought particularly with relation to section 12A and we have now come forward with the proposal for a further extension of 12 months.

The strategy that we are following against the smugglers and other economic offenders is threefold. Firstly, we are applying preventive detention against big shots. Secondly, we are intensifying searches, seizures and raids. Thirdly, with the approval of Parliament, we have brought another piece of legislation for the confiscation of the properties of smugglers and foreign exchange manipulators. I do not want to go into detailed statistics but I should like to quote a few figures to give an idea to the House of the extent to which we have been applying those measures to prevent smuggling activities. Upto 7th August, 1976,

preventive detention orders had been given in respect of 2,358 persons. In the pre-emergency period the number was 1,061, that is, from September, 1974 to June 1975, in the post-emergency period, from 1st July, 1975 to 7th August 1976, the number is 1,477. The total number of raids and searches in 1974 was 9,194, in 1975 it increased to 21,531 and in 1976 in the first six months ending 30th June 1976, the number is 19,389.

Similarly the number of seizures in 1974 was 49,555 in 1975, it was 64,569.

MR SPEAKER The Minister will continue after Lunch.

13 hrs.

The Lok Sabha adjourned for Lunch Till Fourteen of the Clock.

The Lok Sabha re assembled after Lunch at four minutes past Fourteen of the Clock

[MR. DEPUTY-SPEAKER in the Chair]

#### CONSERVATION OF FOREIGN EXCHANGE AND PREVENTION OF SMUGGLING ACTIVITIES (SECOND AMENDMENT) BILL—contd.

THE DEPUTY SPEAKER Shri Mukherjee may continue his speech

SHRI PRANAB KUMAR MUKHERJEE Sir, I was explaining how the number of cases increased from 49,555 in 1974 to 64,569 in 1975. Up to the end of May, 1976, it was 27,510. Therefore, the intensification of search, seizures, raids and preventive detentions went on. As a result of all these things, we have never claimed that smuggling operation has completely stopped, but, perhaps, we can say that to a considerable extent, it has been reduced. What are the indications that smuggling activities have been reduced? I would not like to discuss it in detail because almost all the Members have appreciated it and have also pointed it out. I would like to submit only one point. Some of the

hon. Members have also pointed out that smuggled goods are still available. I would not rule out this possibility. But if you compare it with the earlier part of 1974 when these actions were taken, you will find that it has been reduced to a considerable extent. Secondly, the intelligence that we are getting from abroad, particularly from those areas where these smugglers are operating and from where these goods are imported, indicate that not only stock-piling of goods is there but even the bankers are refusing to make payments against these goods. Thirdly, as a result of this, our inward remittances have increased considerably. I would just like to indicate some figures that connection which I hope, the hon. Members would appreciate. In 1974, the total amount of inward remittances through normal banking channels was Rs. 569 crores, average Rs. 47.5 crores per month. In 1975, it went up to Rs. 1053 crores, monthly average Rs. 88 crores and upto June of the present year, it was Rs. 723.32 crores, monthly average a little over Rs. 110 crores. Therefore, this is an indication that a part of this money was utilised by the smugglers to purchase contrabands and import it into the country. When, as a result of anti-smuggling operations, quite a substantial number of top smugglers was put behind the bars, naturally those persons who used to collect money from Indians abroad could not do so. Side by side, we tried to improve the system by streamlining the procedures of remittances so that the recipients at this end do not face much difficulty. We are constantly at it to see what further improvement is possible in this respect. Recently, I had the opportunity of meeting the Indian bankers particularly in those countries where there is a large concentration of Indian workers, to see that they could provide all sorts of facilities to the remitters and at the same end from this side, we could provide the necessary facilities to them.

Another aspect is, what measures we have taken against the absconders. In this connection, one particular case was

mentioned by an hon. Member from Tamil Nadu. It is quite true that quite a substantial number of absconders is still there, the total number is nearly 357. In the COFEPOSA which we have passed, there is a provision under Section 7 for attachment of properties. We took action under Section 7 of this Act in 220 cases and as a result of that, 134 absconders surrendered either to the Police or to the detaining authorities. In the particular case which the hon. Member had mentioned i.e., in Madras, we also resorted to these measures, but, unfortunately, he obtained a stay order from the Madras High Court; and in spite of our best efforts, we could not get the stay order vacated; and unless and until we get the stay order vacated; we cannot perhaps attach the property and compel him to surrender to the detaining authorities. So, these methods are there.

Regarding the impounding of passports, an observation has been made that perhaps we have impounded the passports indiscriminately.

SHRI VASANT SATHE (Akola): He is not in India. But somebody filed the writ petition on his behalf and obtained the stay.

SHRI PRANAB KUMAR MUKHERJEE. Yes, he is not in India.

Regarding the impounding of passports, the total number of passports impounded is 1405. Of these 1405, 1063 relate to those persons who are already under detention, and 269 relate to those who are absconders. In the case of only 73 persons against whom we had intelligence reports and who are neither detained nor are absconding, the passports have been impounded, and whenever we get representations, we are looking into them. It is not a fact that merely by impounding the passports we are placing them in difficulty. But in an extraordinary situation like this, when we have to confront the top smugglers who have definitely very big connections and who have the influence of the money bags,

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we cannot combat or fight unless and until we take care in all aspects That is why we have to take the stringent measure—even of impounding the passports.

In this connection, certain hon Members have observed that the system of checking in our Customs requires a good deal of improvement I do entirely agree with it This is a matter which should improve, and definitely, we would not like to create the impression that whoever comes from abroad, is a smuggler or is bringing contrabands, but the difficulties—and particularly the predicaments—under which we have to work, will have to be kept in mind As a result of the international arrangements of the airlines most of the international flights arrive at the international airports at a particular hour, and that too at the odd hours of the night Therefore we have to take care of a large number of passengers in a very short period of 4 to 5 hours Therefore sometimes it causes irritation to the incoming passengers But I am fully alive to the problem One hon Member had asked why can't we utilize sophisticated gadgets and equipments to check? We have already taken steps to acquire this sophisticated equipment Apart from that, how can we improve our clearance, particularly baggage clearance? Recently, we have appointed a committee consisting of various authorities connected therewith civil aviation authorities immigration people and the Customs people We are expecting to have a report from them, on the basis of which we can take some action to improve our system Somebody has suggested Why can't we provide some concessions, particularly to those Indians who are coming to the homeland after a long spell of stay outside? We are already providing some concessions; and it is known to the hon Members that up to Rs 500 they can bring things duty free Upto Rs 2,000 they can bring things paying the normal duty There is no question of penalty But if somebody wants to bring things

worth more than Rs. 2,000 in order to make presentations to their near and dear ones, I am sorry perhaps we cannot extend the facilities to that extent.

Particularly for the technicians, technologists, scientists and doctors and those who are settled abroad, we have provided—in order to provide incentives to them to settle here—that they can bring their professional tools and equipments upto Rs 50,000 without having the normal import licences, and we are further considering whether we can provide them some concessions in duty That matter is also under consideration, and I do feel that these measures would help, particularly those persons who are coming from abroad, to bring some articles as presentations But if they want to bring much more beyond the permissible limit, I do not think we can extend the facilities to accommodate them

SHRI DINEN BHATTACHARYYA (Serampore) What about the old cars Suppose somebody wants to bring an old car which he was using in a foreign country?

SHRI PRANAB KUMAR MUKHERJEE That is completely banned They have to put duty We cannot help it That is the present law If you want to change it Parliament can change it but so long as the present law is in force, they have to pay full duty

In this connection, one hon Member has made the observation about the facilities provided to the detenus in jail I do share his concern and we are also worried over it Here I would like to mention particularly one case where we have not only taken very strong measures but also took action against one jailor and one Government medical practitioner under COFEPOSA, because in connivance with the jailor and the medical practitioner a large number of top smugglers used to have their facilities in hospitals. Therefore it is not a fact that we are not alive to it We went to the extent of putting



them in jail under COFEPOSA, when their names came to our notice.

**SHRI DINEN BHATTACHARYYA:** So far as those detenus are concerned, they are getting better facilities than the political detenus.

**SHRI PRANAB KUMAR MUKHERJEE:** I am not accepting or disputing your view. I am only pointing out the steps we are taking. We have suggested to the State Governments that these detenus should be transferred to the other prisons, away from their area of operation. If they go to some other areas, they could not build up their links so quickly, as they do in their area of operation.

Some hon. Members have expressed their concern regarding the confiscation of properties and asked why you have not been able to confiscate even a single property. The answer is that the smugglers do not keep their properties either in their name or in one particular place. The persons in whose name they keep these properties are spread over the length and breadth of the country. Soon after the passing of the law on confiscation or forfeiture of property of smugglers and foreign exchange racketeers, we established a competent authority and 293 notices have been issued involving property worth Rs 12.16 crores. But it takes time to identify and locate the property, issue notices and so on. After these formalities have been completed, the competent authority will express their opinion about confiscation, and the person concerned, if he likes, can make an appeal to the appellate authority. After the appellate procedure is complete, final confiscation would take place. Therefore, it is not correct to say that we have not taken any action. It is true that we have taken some time. But it must be remembered that the persons we are dealing with are not

fools or incompetent people. They are very competent in their respective areas.

**SHRI VASANT SATHE:** Could you not provide in the law that even if the property is in the name of a binamidar, it will be liable for confiscation?

**SHRI PRANAB KUMAR MUKHERJEE:** The definition which we have given in the law covers a very wide range. But it takes time to identify and locate the property.

**SHRI DINEN BHATTACHARYYA:** Not even a single property has been confiscated.

**SHRI PRANAB KUMAR MUKHERJEE:** It is no use repeating it. I have myself admitted it, not only here but also in reply to your question I am just explaining what stood in the way of speedy confiscation. I can assure the hon. Members that we are trying to proceed expeditiously in this respect.

Regarding the special courts, we are working on the recommendations of the Law Commission. The inter-Ministerial groups have finalized their observations and shortly, even it is possible in this session itself, we may come forward with a piece of legislation for acting up special courts to deal with economic offenders.

That is an area where too we are taking appropriate action.

**SHRI PRIYA RANJAN DAS MUNSI** (Calcutta—South): Was there any woman smuggler?

**SHRI PRANAB KUMAR MUKHERJEE:** There may be some, I do not rule out the possibility.

Sometimes we have to face very awkward situations. Recently I found a report from the Indo-Nepal border that quite a large number of

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women travellers were bringing contraband on their persons, and we have no lady watchers there. Naturally, we had to make arrangements so that a sufficient number of lady watchers are placed there. So, it is true, so far as that border is concerned, that it is vulnerable. Keeping in mind the difficult terrain and the large number of routes, authorised and unauthorised, through which people come and go, it requires a good deal of attention there. Particularly to make an assessment of that front, we are holding a meeting in consultation with the State administration. The Ministers who are looking after these anti-smuggling operations—myself and my colleague in the Home Ministry—are holding a meeting in the first week of September in Bihar itself.

Some hon. Members have suggested that we should make permanent arrangements for dealing with the smugglers and foreign exchange racketeers. So far as this piece of legislation is concerned, it is a permanent law, but this particular provision, section 12A, is a temporary one. Section 12A provides that we should not let the detenué know the cause of detention and that his case should not be sent to the Advisory Council within 35 days. Here we want to take the opportunity of the emergency. That is why we have linked it with the emergency and we are extending it piece-meal. The other provisions of the Act are not temporary, they are of a permanent nature.

SHRI B. V. NAIK (Kanara): It is section 12A which has teeth.

SHRI PRANAB KUMAR MUKHERJEE: Certain other sections also have teeth; it may be these are sharper than the others.

I think I have covered almost all the points made by hon. Members. I

am grateful to hon. Members for the compliments which they have paid the Department. I would conclude by pointing out one aspect which my young friend, Shri Das Munsri, very correctly mentioned, namely that but for public co-operation and strong public resentment against economic offences, it is really very difficult to fight economic offenders. Unfortunately, in the situation in which we are living, an economic offender does not face the same social revulsion which an ordinary social offender, a murderer or a thief, faces from society. This is a fact of life. That is why sometimes we find that the top medical practitioners do not hesitate to give false medical certificates to these people. It is known to the hon. Members, they have their own information, that in one particular case a medical practitioner certified that the man was not capable of moving even from the hospital to the jail ward, but it was found that, when he was released, he could enjoy a joy ride. Therefore, we are confronted with a situation like this when the top lawyers and top medical practitioners come forward to their rescue. Therefore, this is really a difficult situation that we are confronted with, but I hope that with the growing consciousness among the people, the growing awareness among the political and social leaders, it would be possible for us to do away with the menace to the largest extent possible.

With these words, I commend the Bill for the approval of the House.

MR. DEPUTY-SPEAKER: The question is:

“That the Bill further to amend the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974, be taken into consideration.”

*The motion was adopted.*

MR. DEPUTY-SPEAKER: The question is:

"That Clauses 2, 3, 4 and 1, the Enacting Formula and the Title stand part of the Bill."

*The motion was adopted*

*Clauses 2, 3, 4 and 1, the Enacting Formula and the Title were added to the Bill.*

SHRI PRANAB KUMAR MUKHERJEE: I beg to move:

"That the Bill be passed."

MR. DEPUTY-SPEAKER: The question is:

"That the Bill be passed."

*The motion was adopted*

14.25 hrs.

#### INDIAN IRON AND STEEL COMPANY ACQUISITION OF SHARES BILL

THE MINISTER OF STEEL AND MINES (SHRI CHANDRAJIT YADAV): I beg to move\*:

"That the Bill to provide for the acquisition of certain shares of the Indian Iron and Steel Company Limited with a view to securing the proper management of the affairs of the Company and the continuity and development of the production of goods which are vital to the needs of the country and for matters connected therewith or incidental thereto, be taken into consideration."

Mr. Deputy-Speaker, Sir, in view of the urgency of acquiring the shares of the Indian Iron and Steel Company and initiating the necessary action for financial assistance to the company, an Ordinance was promulgated on 17th July, 1976, acquiring the shares of the Company

held by all non-Government parties. Excepting the public institutions, all shares have been acquired, according to that Ordinance.

Before I make my observations, I would like to point out that certain amendments have been made in the Ordinance to facilitate the work of the Commissioner and also to provide certain facilities and remove difficulties which may unnecessarily accrue. Therefore, certain amendments have been made in Section 9, Clause 7 and Section 12 of the Ordinance which are incorporated in this Bill. After this Ordinance, the position will be like this. In IISCO, the shares of the Government will have predominance; it will become exactly a public undertaking company. Now, the shares held by the Government would amount to 57.32 per cent of the equity share capital and 60.55 per cent of the preference share capital. At the same time, protecting the interest of the public institutions, the remaining shares would be distributed as follows: LIC will have 29.74 per cent; UTI will have 7.73 per cent; nationalised general insurance companies will have 1.96 per cent; SAIL equity percentage will be 5.18; the State Government, Bengal, will have preference shares 0.02 per cent and equity shares 0.01 per cent. This makes very clear that these companies will now become entirely public undertaking companies, and therefore, there will be no private company or private individual share in this Company.

The history of the Company is well-known. The production of the Company was deteriorating very fastly four years before and the Management was showing a gross negligence; rather I should say that they were completely bent upon destroying this Company. They were not taking any care for its maintenance. There was no scheme for rehabilitation. Even the interest of the workers was suffering. The Gov-

\*Moved with the recommendation of the President.