

SHRI VASANT SATHE : They have become mafia. Unfortunately, the established trade unions find themselves helpless before these so called extremists. Therefore, I had to tell the established trade unions that their own credibility is at stake. The only way out is to involve them. If there are any genuine disputes, they can be settled by talking across the table with the management. The fault is with the management also. As I said, if there is no management, if there is no chairman, no managing director and if every three months, he is being changed, then with whom they can negotiate. It was a chaotic condition. But now this has been settled. There is a chairman and there is a managing director and there are technical directors and planning directors. All this has been done and as I said, now in two months, there is a result, there is a better atmosphere I am hopeful that with the support of the Government of Andhra Pradesh in law and order matters, if we are firm with these ruffian elements, production in Singareni will improve.

Raids by Tax Authorities

*413. **SHRI H. M. PATEL :** Will the Minister of FINANCE be pleased to state :

(a) whether Government are aware that recently the number of raids by income-tax and other tax authorities has greatly increased;

(b) if so, the extent of success achieved in a summary form;

(c) whether Government are also aware of the adverse effect the raids have on diamond exports; and

(d) if so, the steps Government propose to take to avert the fall in export of diamonds ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) and (b). During first three months of 1985, Income-tax Department conducted 1356 searches resulting in seizures of prima facie unaccounted assets valued at Rs. 7.75 crores approx. Drive against evasion of excise duty has been intensified and during January-March, 1985,

1616 cases were detected involving an estimated amount of excise duty of Rs. 37.59 crores. Customs searches were conducted for detection of under-valuation and consequent evasion of duty to the extent of Rs. 21.39 crores approximately.

(c) No, Sir.

(d) Does not arise.

SHRI H. M. PATEL : The question was whether Government are aware that recently the number of raids had abruptly increased. The answer would have been correct only if they had given the number of raids during the previous three months or during the previous six months or any figure like that. You have merely given the figure for the last three months, which shows that the number is 1356 and it is large enough. But it is not easy to see whether that number is more or less than whatever was the case before. Secondly, I would like to know this. You said, 'prima facie unaccounted assets valued at Rs. 7.75 crores.'

Will the Minister please say, according to his previous experience, what was the amount involved, because 1356 searches have produced only Rs. 7.75 crores ? I see from a newspaper report in the month of March 1985, which says : "Tax evasion of Rs. 100 crores detected." It refers to the same thing, viz. income-tax raids, customs duty raids and excise raids. So, I would very much like to know in respect of previous cases prior to this first quarter, i.e. whatever raids were conducted and whatever evasion was discovered, suspected, prima facie evasion was found : how many of those were actually proved to be evasion, and what was the extent of evasion which was proved, and what was the amount actually recovered ? I ask this because it is the public and general information that not more than 10 or 12 people in a year actually get penalised. Therefore, I would like the Minister to tell us what precisely is the position.

This is not a second question. This is a question arising from the three answers that have been given. Secondly, he says one thing about customs duties : about customs, he says that customs searches revealed evasion of duty amounting to Rs. 21.39 crores. Is it a fact that as a result of this customs duty evasion, customs officers take action to

prevent the release of goods which arrive for industrialists, and because of all these raids, they do not release them; and as a result, create more difficulty and virtual stoppage of production? Is it part of R. B. orders that your searches should result in actual stoppage of work, and so on? Or, do you only confine yourself to the cases in which evasion has been detected, and not penalize the industry for fresh goods that may arrive in Customs?

Then, you have given the third point... *(Interruption)* I have not put all the questions.

MR. SPEAKER : You have been a Minister yourself, Mr. Patel. This is not the way. I do not except this from you. I think you were just answering as a Minister yourself. That is all.

SHRI JANARDHANA POOJARY : The corresponding figures for the corresponding period are not available. I have asked for the figures, and I will definitely inform the hon. Member; I will place them before the House. I have asked for all the figures in the morning. So far as the delay...

SHRI H. M. PATEL : To say that my question was not relevant because I ask for previous figures, seems to be very strange. It is very relevant because it is only then one can see why I had put the question, *viz.* why have the raids suddenly increased. Let me put just put one question. No more than that.

SHRI JANARDHANA POOJARY : He is perfectly correct. In the morning itself, I had asked for the figures, and they are collecting them. I will furnish them. They will be laid on the Table of the House. I am in agreement with the hon. Member, and I have already done it; and they will be placed before the House.

So far as the delay in disposal is concerned, it is not the case of the Government that delay will be caused in the disposal of the goods. It is not the intention, and instructions have been given that as per the law, they have to dispose them of quickly, and no delay should be caused. And further, at the cost of repetition, I may give information to the hon. Member that such incidents will not be there in future.

SHRI H. M. PATEL : He has not given

a full answer to the income-tax part of my question. I will not press it. I also want to know another thing. He said that it does not happen about customs duty raids that goods coming along are delayed.

That is not a fact. But I will suggest that he should make further enquiry to see whether they do or do not take similar action. Is there any code of conduct prescribed for the searching officers when they make these searches. These are not only in the case of income tax but industry also—excise as well as customs. It involves industrialists. Do they treat them with the utmost discourtesy treating them as if the crime has been proved or an offence has been proved? Do they not get the benefit of the fact that until it is proved, they should deem to be innocent. *(Interruptions)* No, there is no need to discuss this. I am not suggesting anything more than that. Normal, reasonable courtesy should be extended to them until the crime is proved. Whatever action you have to take, you are entitled to take that; certainly you take it. But I want to know whether this has happened or not because there are stories to this effect. Then I want to mention about the effect on diamond industry. You said, no. Is it not a fact that diamond trade went on strike for a considerable period of time after these raids took place?

SHRI JANARDHANA POOJARY : So far as violation of the seizure rules concerned, I may say, if there is any specific instance brought to the notice of the government, definitely we will take action against those people. But no rule could be violated. They have to conduct raids as per rules and guidelines; and if there is any violation that is brought to our notice, definitely the assurance will be given that we will take action. So far as the hon. Member's question whether the government are aware of the adverse effect the raids have been having no diamond export is concerned, I want to bring it to the notice of the House that during the course of the raid on a diamond shop what had happened actually was this. The packages were found containing diamond in a shop. When these people conducted the raid and seized the diamond, the contention of the shopkeeper was that it belonged to somebody; and that somebody did not leave even a piece of

document to show that it belonged to him. The contention of the association is that this practice was going on should not come in their way; this should be allowed to continue. I will leave it to the kind attention of the hon. members and to the nation through this House whether it could be possible to allow these people to continue this sort of business; and for the information of the House, I can say, even a chit giving the name and address of the person who has kept that diamond there was not mentioned; and expectation of the association is that we should not take action. Now, whether it is possible it is for the House to consider.

SHRI H. M. PATEL : I think this lecture was totally unnecessary to me. My question is : whether government are also aware of the adverse effects of the raid on the diamond trade. You could have said, yes or no or there is no adverse effect.

MR. SPEAKER : I think he has explained something which is beneficial.

SHRI H. M. PATEL : Where was it necessary to give this lecture ? I understand that.

SHRI G. G. SWELL : I must express my appreciation of what the Minister of State said just now that he asked for information only this morning. You are aware that 10 days are there. You are the custodian of the House; you must protect us. Ten days before we have to give a notice. In fact, it is one month; we have to struggle very hard in the ballot one month before the question comes up.

MR. SPEAKER : Have you heard about that : better late than never ?

SHRI G G SWELL : No, Sir. I think now we should be earlier not later than never. I should suppose whenever a question goes to the Minister, he should be aware of what the implications are; he should give direction to the Ministry what kind of information he wants and not come to the House at the last moment saying that I had for the information.

The other day we had that experience in this House when the question was about China and the Minister did not have information with regard to oil production in China.

Now, what I would say is that, after more than one thousand raids you had netted only a little over Rs. 7 crores. This is a proverbial labour of the mountain producing a mole hill.

PROF. MADHU DANDAVATE :
Mosquito, mosquito !

SHRI G. G. SWELL : I would like to know—this is a loss to the nation—whether it is a fact that 1,700 crores of rupees till today has been the loss of the Government because of the various injunctions given to the smugglers who had never paid this money to the Government. And, I would like to know whether the position in the country is such that smugglers are holding our tax and customs officers to ransom, some of them have been enticed, some have been blackmailed, and some of them have even been murdered. How do you propose to deal with it and what action has been taken ?

SHRI JANARDHANA POOJARY : I share the hon. Member's concern about the smugglers. I want to bring to the notice of the House what is happening in some of the courts in the Calcutta High Court. There and it is better the hon. Members from West Bengal take cognizance of this—are 78 contempt cases against one Customs Collector of Calcutta. What is the reason ? There *ex parte* injunctions have been given without hearing the Government, the Collector, and ** injunctions were given, without hearing the parties and even some of the people who belonged to some other big towns also, metropolitan towns, can open one shop or one office there is Calcutta and they can obtain an injunction. Likewise, I fully agree with the hon. Member that it is happening and we are taking action also.

(Interruptions)**

SHRI JANARDHANA POOJARY : How to come out of the situation ? Because the Department also has come out with remedial measures.**

MR. SPEAKER : Shrimati Bibha Ghosh Goswami.

(Interruptions)**

MR. SPEAKER : I have already noted it. I have taken cognizance of it. That will not go on record.

(Interruptions)**

MR. SPEAKER : How can only show his concern. He cannot cast aspersions. I have taken note of it.

Royalty payable to States on Coal, Iron ore and Steel

*414. SHRIMATI BIBHA GHOSH

GOSWAMI :

SHRI SAIFUDDIN CHOWDHURY :

Will the Minister of STEEL, MINES AND COAL be pleased to state :

(a) whether Government have decided to increase the royalty on items such as coal, iron ore and steel;

(b) if so, the rate etc. of the royalty to be paid to States on account of coal, iron ore and steel; and

(c) if not, the reasons therefor ?

THE MINISTER OF STEEL, MINES AND COAL (SHRI VASANT SATHE) :

(a) to (c). A statement is laid on the Table of the House.

Statement

(a) to (c). Under Section 9 of Mines and Minerals (Regulation and Development) Act, 1957, royalty is payable by a holder of a mining lease in respect of any mineral removed or consumed by him or by his agent, manager, employee, contractor or sub-lessee from the leased area at the rate, for the time being specified, in the Second Schedule of the aforesaid Act in respect of that mineral. Section 9 (3) of the said Act empowers the Central Government to enhance or reduce the rate of royalty in respect of any mineral once during a period of 4 years.

The rate of royalty on coal was last revised with effect from 13-2-1981. To consider the question of further revision of royalty rate on coal, a Study Group was constituted in November, 1984. The Study Group will be submitting its report shortly and after considering the recommendations of the Study Group, the royalty rate on coal will be suitable revised.

The rate of royalty in respect of iron ore was last revised with effect from 12-6-1978. A Study Group was constituted to consider

the revision of royalty rate on most of the major minerals, including iron ore in November, 1984 and the Study Group is likely to submit its report by August, 1985 after which the royalty rate on iron ore will be revised, if necessary, after taking into consideration the recommendations made by the Study Group.

Steel is a ferro-alloy and final product of iron ore. This, being a metal, is not specified in the Second Schedule of the MM (R and D) Act, 1957 which covers only minerals. No royalty is, therefore, payable on Steel and, therefore, the question of revision of rate of royalty on steel does not arise.

SHRIMATI BIBHA GHOSH

GOSWAMI : The question of royalty is a big bone of contention between the States and the Centre and in view of that it has come in the Press that royalty on crude oil has already been trebled—from Rs. 61 it has gone up to Rs. 185—I would like to know from the Minister whether in view of the feeling in some States of being deprived and being discriminated against, in view of these feelings prevalent in some States, whether the Government will come forward and consider, at a very early time, the question of increasing the royalty on these items commensurate with the prices.

MR. SPEAKER : Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

[English]

Production Cost of different kinds of Steel

*405. SHRI SRIBALLAV PANIGRAHI : Will the Minister of STEEL, MINES AND COAL be pleased to lay a statement showing :

(a) the production cost of different kinds of steel, plant-wise just before the announcement of recent price hike;

(b) the reasons for difference, if any, between the production cost of steel plants in private and public sectors; and

(c) the steps Government are taking to minimise such difference and also to reduce