

[*Translation*]

SHRI BHAGWAT JHA AZAD : This is the result of late night session.

MR. SPEAKER : Do you think they are still sleeping ?

SHRI BHAGWAT JHA AZAD : I think so.

MR. SPEAKER : Shri Namgyal. It appears has descended from the Himalays.

[*English*]

SHRI P. NAMGYAL : I am ever ready, Sir.

**Leasing Out MI-17 Helicopter to J and K State Government**

\*524. SHRI P. NAMGYAL : Will the Minister of DEFENCE be pleased to state :

(a) whether Jammu and Kashmir Government has made a request to Union Government for replacement of the Westland Helicopter which has been already leased out to the State Government with a new MI-17 helicopter from his Ministry ; and-

(b) if so, the reaction of Union Government thereon ?

THE MINISTER OF STATE IN THE DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLY IN THE MINISTRY OF DEFENCE (SHRI SHIVRAJ V. PATIL) : (a) No, Sir. There is no proposal from the State Government for the replacement of the Westland Helicopter already on lease with them from M/s Pawan Hans Ltd. (Helicopter Corporation). However, a request has been received from the Government of Jammu & Kashmir for the procurement of 2 MI-17 helicopters for the State Government.

(b) The request of the State Government is being examined.

SHRI P. NAMGYAL : The Ministry of Defence on collaboration with the State Government of Himachal Pradesh operates twice a month, MI-8 helicopters

to the snow bound areas of Lehaul and Spiti districts. There are similar land-locked areas in the Kargyl and Ladakh region of Jammu and Kashmir, such as, Zangskar and Nubra and Linshed and Debjing etc., which remain cut off from the rest of the district headquarters for over six months in a year.

I would like to know whether the Ministry will consider to start a weekly MI-17 Helicopter service to Zangskar and Nubra on the same terms and conditions, as has been allowed to Himachal Government.

SHRI SHIVRAJ V. PATIL : Sir, this depends on the availability of MI-17 Helicopter and it has to be examined. Only after it is fully examined and found out whether it is available, a correct answer can be given to this question.

SHRI P. NAMGYAL : Sir, the westland helicopter already leased out to Jammu and Kashmir State is facing some operational problem in the high altitude areas and for that the State Government has requested the Ministry of Defence for leasing of two MI-17 helicopters. May I know how long the Government will take to examine this and whether the Ministry will take a decision at the earliest so that this problem could overcome.

SHRI SHIVRAJ V. PATIL : Sir, there is Helicopter Corporation established for providing helicopter service to citizens. At times, the Defence Ministry does extend help to others also. In this respect also, we would like to take a view which would be helpful, but everything depends on the availability of MI-17 helicopters. If we receive a request for purchasing the MI-17 helicopter and if the payment is made, certainly we can try to get the helicopter and make it available to the State Government.

Now, providing the helicopter from the Defence services itself is concerned, we shall have to examine it and only then I can answer the question.

**Evasion of Excise Duty by Multi-National Companies**

\*526 SHRI RAM BHAGAT PASWAN: Will the Minister of FINANCE be pleased to state :

(a) whether Government are aware that some Multi-National companies have evaded excise duty to the tune of more than five hundred crores ;

(b) whether show-cause notices have been issued for recovery of nearly nine hundred crores rupees and particularly to multi-national cigarette companies ; and

(c) if so, the steps taken in the matter ?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K.GADHVI) : (a) to (c) A statement is given below.

#### Statement

There is no legally accepted definition of multi-national companies. However, for practical purposes companies having more than 40% non-resident interest (popularly known as FERA companies) are treated as Multi-National companies. No FERA company has been found to have evaded central excise duty to the tune of more than Rs. five hundred crores. Show-cause notices aggregating approximately Rs. 1600 crores have been issued to cigarette companies for evasion of central excise duties. However, there are no FERA companies manufacturing cigarettes in India. Some of these show-cause notices are sub-judice before various courts. In other cases all efforts are being made by the adjudicating authorities for their expeditious disposal.

[Translation]

SHRI RAM BHAGAT PASWAN : Mr. Speaker, Sir, the hon. Minister said in his reply that no FERA company has been found to have evaded central excise duty to the tune of more than Rs. Five-hundred crores. He further said that show-cause notices aggregating approximately Rs. 1600 crores have been issued to cigarette companies for evasion of central excise duties. The Indian Tobacco Company (I.T.C.) evaded excise duty to the tune of Rs. 800 crores. A case filed against this company is sub-judice in the Calcutta High Court. I would like to know from the hon. Minister whether the government has received

any revenue from the excise duty evasion cases pending in courts? I would also like to know how many cases have been decided in favour of the government and how many in favour of the companies ?

SHRI B.K. GADHVI : There is no legally accepted definition of multi-national companies. However, for practical purposes, companies having more than 40% foreign equity, also known as FERA companies, are treated as multi-national companies. I.T.C. is not a Multi-National Companies because its foreign equity is less than 40%. We made a search of the company after noting its evasion of excise duty. The company has filed a case in the High-Court. The High Court has asked us to prepare adjudication proceedings. They have also asked us not to inform about audit to the company, but to communicate with the court.

SHRI RAM BHAGAT PASWAN : Mr. Speaker Sir, I would like to know from the hon. Minister why the property of a farmer, worker or the common man is confiscated on non-payment of government money when crores of rupees on account of duty evasion are due from big companies and their cases are pending in courts. Crores of rupees are due from big companies but the government wants to put a lid on the matter by saying that the matter is sub-judice. The government says it cannot take any action in this matter. Why has the government not taken any action against them till now? Is the government likely to gain anything after courts decide about the cases? Looking at this serious situation, I want to know if the government introduce an Act or frame a rule under which no matter can be taken to court unless the due amount is paid on all pending amounts are realised with interest? Is the government thinking about making any such law?

SHRI B.K. GADHVI : Whenever we conduct a search or a case of duty evasion comes to our notice, full proceedings are carried out in the Department. At the same time if the interested parties obtain a stay-order from the High Court or the Supreme Court, we have to accept it. We cannot violate any directives given by courts. As to the question of cigarette

companies, I would say that they do not come under the purview of multi-national companies Rs. 1138.27 crores on account of duty evasion are due from I.T.C and other companies and we have so far issued 21 show-cause notice ; Rs, 225.06 crores for duty evasion are due from N.T.C & other and 20 show-cause notices have been issued to them ; Rs. 123.01 crores are due from G.T.C and Others and the government has issued 37 show cause notices to them ; an amount of Rs. 108.33 for duty evasion stands due against Godfrey Philips and Others and 12 show-cause notices have been issued to them ; and one notice has been issued to V.S.T. for duty evasion to the tune of Rs. 2.44 crores. In all, a total of Rs. 597.14 crores are due from these companies towards duty evasion Adjudication proceedings are being carried out in all the cases. Some people have gone to courts.

[*English*]

SHRI BHAGWAT JHA AZAD : The evasion is to the tune of thousands of crores—Rs. 1600 crores, Rs. 800 crores Rs. 500 crores, Rs. 200 crores, Rs 100 crores. There is hundreds of crores of evasion by these companies. There is another case in the Calcutta High Court. May I know whether it is only due to the weak legislation that there are going to the High Court ? Or is it because they have got friends in the Ministry ? Why is it that they so easily go to the court and you cannot get the stay vacated or get the decisions done ealier which can be done earlier because some of the officers are in sympathy with them ? If it is not so, when the arrears mount to ten crores, then comes to 200 crores and then comes to thousand crores, why do you not take a decision ? Why are you so weak as a Government ? Why can you not amend the legislation and realise these dues as arrears of land revenue ? In the case of a poor farmer you sell and auction his bullocks, land and everything. But these fellows who eat and drink and keep the country's money why can not we do something against them ? It shows your weakness. Why do you not show your strength ?

MR. SPEAKER : Because we the poor farmers cannot go to the Supreme Court.

SHRI BHAGWAT JHA AZAD : Yes, because the poor farmers cannot go to the court. They can go to the court and also bribe at every level.

SHRI B.K. GADHVI : I very much appreciate the concern shown by the hon. Member. The point is that this duty evasion came to our notice by the way because in the previous Budget excise duty on cigarettes was imposed on the basis of the retail price. What the company did was that they issued a public retail price of a particular amount and confidentially they issued a circular that you have to collect a particular retail price. Therefore, when they went to the Calcutta High Court, let me inform that there was no question of any leniency towards them. They asked for the stay from Calcutta High Court. We objected. The High Court did not grant the stay but the High Court only directed us to continue with our adjudication proceedings, fix up the amount of actual duty evasion by hearing the parties, communicate the order to them, and then they will look into it. That is why adjudication proceedings are on ; adjudication proceedings are not stayed. So, there is no question of anybody helping them in procuring stay order from the court.

SHRI BHAGWAT JHA AZAD : Why don't you amend the legislation and realise this amount as land revenue as you do in the case of farmers ?

SHRI B.K. GADHVI : This is your suggestion. We will keep it in mind.

SHRI BHAGWAT JHA AZAD : Why did you not realise it so long ?

SHRI V. SOBHANADREESWARA RAO : Sir, this aspect of printing one price on the packet and, at the same time, collecting some other amount from the distributor, which the Minister had just now accepted, has been found out in the raid conducted by the Department of Revenue Intelligence. For this gross violation of decent business ethics, is the Government going to take necessary steps against these cigarette manufacturing companies prohibiting them from entering the market of tobacco purchases and manufacture of cigarettes ?

**SHRI B.K. GADHVI :** Sir, we cannot prohibit them from procuring the raw material for their cigarette, but in the adjudication proceedings, all the angles will be taken care of, like imposing duty, like imposing penalties...*(Interruptions)*.

**SHRI V. SOBHANADREESWARA RAO :** That will take a long time.

**SHRI V.K. GADHVI :** Whatever is there, that is for the law. But we cannot force any company to close down.

**SHRI LALITESHWAR SHAHI :** Sir, I would like to know from the Government that in the cases where they ultimately succeed in the legal battle in the court, do they realise the money along with the interest. If not, why a provision is not being made for the same? The other part of my question is that in how many cases, when they have lost the battle in the court, they have framed the legislation with retrospective effect.

**SHRI B.K. GADHVI :** Sir, we cannot go in for a legislation in every individual case where we lose before the High Court because the case might have been decided on merits in one way or the other. After the adjudication if the court fixes the amount payable by the company to the Government, then certainly recovery measures are taken and we are promptly initiating them.

**SHRI BHAGWAT JHA AZAD :** You take interest from the farmers, what about from them? That is the question.

**SHRI B.K. GADHVI :** Normally interest also is being charged.

**SHRIMATI GEETA MUKHERJEE :** Sir, this Rs. 1,600 crores is a very big sum to cover our deficit which is there. I would like to know whether these Rs. 1,600 crores are due only for one year. If not, over how many years has this amount accumulated when was the first action taken and with what result?

**SHRI B.K. GADHVI :** Sir, this amount is long due. We came to know

about the amount only when we make searches of the various branches of the companies. For example, ITC is having five companies of their own in Calcutta, Bombay, Bangalore Saharanpur and Monghyr. Besides that, they have got seven other companies which are doing job work for them. So, by conducting searches all over, we could find out that this is probably the amount they have evaded, and for this we issued show cause notices...*(Interruptions)*.

**SHRIMATI GEETA MUKHERJEE :** Over how many years?

**PROF. N.G. RANGA :** When did you discover?

**SHRI BHAGWAT JHA AZAD :** did you discover that they have been cheating you?

**SHRI B.K. GADHVI :** Sir, the evasion as per our record is right from 1981 onwards...*(Interruptions)*.

**SHRI BHAGWAT JHA AZAD :** You are being cheated for seven years.

**SHRI B.K. GADHVI :** The searches were conducted on 17th February 1987.*(Interruptions)*.

#### Export of Iron Ore

\*527. **SHRI CHINTAMANI JENA :** Will the Minister of COMMERCE be pleased to state :

(a) the quantity of iron ore exported during the last three years, year-wise ;

(b) where there is decline in the export of iron ore ;

(c) if so, the reasons therefor ; and

(d) the steps being taken to boost the export of iron ore during the year 1988-89?

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P.R. DAS MUNSI) :** (a) to (d) A statement is given below ;