

(b) if so, what are the details thereof (during the year 1986-87 and upto 30th October, 1987) ; and

(c) whether the Reserve Bank of India has recently permitted any company to acquire the foreign holding of such foreign firms based in India ?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI) : (a) The Reserve Bank of India has reported that no Indian company has acquired foreign holdings of foreign firms based in India.

(b) Does not arise.

(c) No, Sir.

SHRI H.M. PATEL : Will the Minister be good enough to inform the House what the policy of the Government is in regard to Indian firms acquiring foreign companies ? What does it consider ? Does the Government consider it as a welcome one in view of the foreign exchanged involved in that ?

SHRI B.K. GADHVI : So far, only one Indian company had requested the Reserve Bank, that was Bajaj Auto Limited to purchase the Leyland International Holdings Limited, U.K. which is holding 39.04% equity of Ashok Leylands Ltd., and 59.06 per cent equity of Ennore Foundries Ltd. But Government in view of the foreign exchange paucity, did not find it possible to grant the permission. And there is no other application which has come through. But this case was recommended by the Reserve Bank, but the Government could not accept it.

SHRI H.M. PATEL : Is it not a fact that a large number of Indian companies have acquired foreign owned companies in India, not necessarily in the current year but in the previous years. If so, what I enquired was, what is the policy of the Government in regard to this matter. Do they consider it as a good proposition for the country or not ? If not, why ?

SHRI B.K. GADHVI : Normally on case-to-case basis, if an Indian company wants to acquire any foreign company, then, they have to seek the permission of the Government. Normally the Reserve Bank scrutinises such applications and they grant the permission.

SHRI G.G. SWELL : What is the policy ?

SHRI B.K. GADHVI : It cannot be said in a general way whether it is good or not. It is because, it can only be examined on case-to-case basis. There might be cases where Indian companies siphon out funds abroad. There can be some cases of Indian companies siphoning out funds abroad and purchasing something. (*Interruptions*).

SHRI H.M. PATEL : Sir, I did not expound it and evidently the Minister finds it difficult to know what I want. I reiterate what I said. The point is, when an Indian company tries to obtain a foreign based company in India, from some point of view, there is definite advantage. From some other point of view, it is not an advantage. This is why, I said, what policy the Government has in regard to it. Does it welcome it ? Does it generally welcome it ? Does it think that foreign exchange involved in such matters is well worthwhile. If so, what are the principles which determine, which make them feel that the foreign exchange spent is worthwhile ?

SHRI B.K. GADHVI : This is exactly what I am answering. If an Indian company wants to purchase a foreign based company in India, then we would examine what kind of Indian company is purchasing, what kind of foreign company is that in India. That is why, I said, it is on case-to-case basis—what is the viability, how much foreign exchange that would go, how much they have to pay to the other people who are the foreigners. And all these things will be examined on case-to-case basis.

Tax Exemption to Churhat Children Welfare Society

*530. SHRI RAM BAHADUR SINGH : Will the Minister of FINANCE be pleased to state :

(a) whether the Churhat Children Welfare Society has been exempted from the payment of Income Tax under Sec. 10(23c) (iv) of the Income Tax Act ;

(b) whether the Society has fulfilled the condition necessary for exemption ;

(c) whether the Society has been continuing its activities ;

(d) whether the Society has been running a Lottery ;

(e) when was the exemption notified ; and

(f) whether all accounts were duly audited and submitted before application for exemption was made ; if so, the details thereof ?

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

Statement

(a) Yes, Sir, the Churhat Children Welfare Society was exempted from the payment of Income-tax by notification under Section 10(23C) (iv) of the Income-tax Act for assessment years 1984-85 and 1985-86 and again for assessment years 1986-87 to 1988-89.

(b) Yes, Sir.

(c) No change is reported in the activities of the Society.

(d) Yes, Sir.

(e) The exemption for assessment years 1984-85 and 1985-86 was notified in the Gazette of India dated 24-11-1984 and the exemption for assessment years 1986-87 to 1988-89 was notified in the Gazette of India dated 14-6-1986.

(f) As per records of the proceedings for notification under Section 10(23C) (iv) of the Income-tax Act, the accounts of the Society were duly audited. Audited accounts for the period from 4-2-1982 to 31-5-1982 and for the period ending 31-12-1983 were submitted alongwith the first application for notification on 12-7-1984.

The audited accounts of the year ending 31-3-1984 were submitted alongwith the second application i.e., for renewal of notification beyond assessment year 1985-86 on 29-3-1985.

[*Translation*]

SHRI RAM BAHADUR SINGH : Sir, the question was about the fulfilment of conditions for Income Tax exemption by the Society. In reply to the question, the hon. Minister has said that audit reports upto 31-3-1984 was attached with the application for exemption by the Society. I want to know why exemption has been granted to the society beyond 1984 in the absence of audit reports, which is an essential condition for exemption ?

SHRI B K. GADHVI : Exemption was initially granted for a period of two years and after that it was extended for a period of three years. If they again seek exemption, then we will look into the audit reports of past years and consider about it.

SHRI RAM BAHADUR SINGH : Sir, my question has not been answered. It means without fulfilment of conditions, exemption was granted and the condition of audit reports is a farce.

My second question is whether the Rajouri Garden office of Society's Lottery agent was raided by the officials of Income Tax Department ? If yes, what were the reasons and what had been seized during raid ?

SHRI B.K. GADHVI : It is correct that Search and Seizure operation was conducted on the residential premises of M/s A.S.A. Enterprises and Partners in Delhi on 2-5-1985. During search some prize winning tickets and incriminating documents were found.

[*English*]

As the prize winning tickets were not sold prior to the draw of the lottery, their value was treated as income in the hands of M/s. ASA Enterprises and assessment was made for the assesment year, 1985-86 determining the income at Rs. 2,25,71,920

as against the returned loss of Rs. 37,34,872. The additions made also included bogus debit of prize money, bogus commission and agency expenses and fictitious sale of tickets.

SHRI BASUDEB ACHARIA : There is a gross violation of all financial rules by this Churhat Children Welfare Society. The licence for this lottery was only for one year and only one draw was to be held. Even after the expiry of one year, six draws are held and the guidelines of Central Government were violated. May I know from the hon. Minister whether the licence was given for one year and for one draw only and, if so, after expiry of one year, why six draws were held and why more than one draw were held? If the Government is aware of this fact, then what action Government has taken against this Churhat Children Welfare Society?

MR. SPEAKER : We have had a full discussion on this subject.

SHRI B.K. GADHVI : Granting of licence of lottery is not within the Finance Ministry. Finance Ministry had only raided the agent. So far as the Churhat Children Welfare Society lottery itself is concerned, the audited accounts were there and the accounts were submitted and audited by the Chartered Accountants. In the accounts, nothing wrong has been found. But from the agent something was found and the demand has been raised.

MR. SPEAKER : We have already discussed the subject under 193.

SHRI S. JAIPAL REDDY : One supplementary.

MR. SPEAKER : We have discussed the subject. All right. You put one more question. We have had full discussion on it

SHRI S. JAIPAL REDDY : I thank you for giving me the opportunity. I would like to know whether it is not a fact that when this matter was discussed in this House, the hon. Minister for Communications Mr. Arjun Singh owned the responsibility for the above fund. Whether it is

also not a fact the Deputy A.G. of Madhya Pradesh has drawn the attention of the authorities to various gross irregularities in the conduct of this society.

THE MINISTER OF COMMUNICATIONS (SHRI ARJUN SINGH) : May I say one thing because he has taken my name. I would like to make it clear and I think the record will substantiate me that I have not owned up anything regarding this lottery. On the contrary, I have said that I have nothing to do with the lottery. What I have said was because the name of my son was involved. I had said...

(Interruptions)

MR. SPEAKER : Nothing doing. No shouting is allowed, What is this? Order please. Why you start shouting, Mr. Muttemwar?

SHRI ARJUN SINGH : I have said that according to law—I repeat that according to law if he is held guilty of anything, I would like the Government to award the maximum punishment to him. That is what I have said. I would like to repeat that again today. I have nothing more to say to that. So far as the question of facts that have been raised, the facts are very much on record. I am sure, they will be coming before you and the hon. Minister will be saying what is there.

(Interruptions)

SHRI S. JAIPAL REDDY : I wanted to draw the attention of the hon. Minister to the gross irregularities in the conduct of the welfare society. I am drawing the attention of the hon. Minister to a specific instance. I want the Minister to reply.

SHRI BASUDEB ACHARIA : What about the report of the Dy. AG of Madhya Pradesh? He has not replied to that question.

(Interruptions)

MR. SPEAKER : Mr. Jaipal Reddy why do you always shout like that? I say you can make your point. I can hear. There is no question. That is all right. I can safeguard your interests and I can

safeguard the interests of the House.

(Interruptions)

[*Translation*]

MR. SPEAKER : Why are you behaving like this ?

(Interruptions)

[*English*]

SHRI S. JAIPAL REDDY : I am not here by anybody's mercy...

(Interruptions)

[*Translation*]

MR. SPEAKER : Kindly let me listen.

(Interruptions)

[*English*]

SHRI S. JAIPAL REDDY : I want the Minister to reply to my question.

(Interruptions)

[*Translation*]

MR. SPEAKER Please sit down. I will handle myself.

(Interruptions)

MR. SPEAKER ; I would like to emphasise that every thing can be settled if we talk patiently. I have said that every-thing possible under the law will be done and as you have said if anything is illegal, them He will take action wherever it is necessary.

[*English*]

SHRI S. JAIPAL REDDY : I put a specific question. Mr. Tiwari may also answer.

SHRI B.K. GADHVI : Sir, Mr. Jaipal Reddy has put a question whether the hon. Minister for Communications gave a particular assurance and he has explained it now. What is there for me to say further ?

(Interruptions)

MR. SPEAKER : Please keep silence. He will take action according to law. That is what he said.

SHRI BASUDEB ACHARIA : The Minister has not replied to that part of the question

SHRI SAIFUDDIN CHOWDHARY : What about the report of the Dy. AG ?

SHRI S. JAIPAL REDDY : I put a question as to whether the Government of India are aware of the remarks made by the Deputy Auditor-General of Madhya Pradesh in regard to the gross, numerous, various irregularities committed by this society and its conduct.

SHRI B.K. GADHVI : The Government of India has come to know about the reported matter that a report on the review of lotteries in Madhya Pradesh has been submitted by the A.G., Audit of M.P. to the C and AG for inclusion in the Audit Report for the year 1986-87 But the said Report has not yet been made available to the Government of India. The C and AG is a Constitutional and a separate authority. When they give the report first, then only we can act.

(Interruptions)

SHRI SHYAM LAL YADAV : Sir, I appreciate the bold statement made by the hon. Minister Mr Arjun Singh...*(Interruptions)* He deserves the highest appreciation.

Balance of Trade

*531. SHRI BRAJAMOHAN MOHANTY : Will the Minister of COMMERCE be pleased to state :

(a) the countries with which India is having adverse balance of trade continuously during preceding three years with details thereof ;

(b) whether the reasons thereof have been identified and if so, the steps taken to improve our export with each country ;

(c) the steps Government have taken to curb protective measures adopted by some of the countries and to counteract the attitude of some countries who purchase only raw material from India ?