

LOK SABHA DEBATES

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LOK SABHA

Friday, March 16, 1979/Phalgun 25,
1900 (Saka)

The Lok Sabha met at Eleven of the
Clock

[MR. SPEAKER in the Chair].

ORAL ANSWERS TO QUESTIONS

Rise in Sales of Smuggled Gold

* 344. SHRI BEDABRATA BARUA.
Will the DEPUTY PRIME MINISTER
AND MINISTER OF FINANCE be
pleased to state:

(a) whether it is a fact that smug-
gled gold sales have been on the rise
during the last few months;

(b) whether this increase has been
due to greater demand for the metal
or due to other factors; and

(c) what steps have been taken to
reduce smuggling of gold?

THE MINISTER OF STATE IN
THE MINISTRY OF FINANCE (SHRI
SATISH AGARWAL): (a) No, Sir.

Reports received by the Government
do not give any such indication.

(b) In view of the reply to (a) above,
the question does not arise. On the
other hand the prevailing high prices
of gold would largely restrict the de-
mand for gold in the country.

(c) Smuggling of gold continues to
be well under control. The Govern-
ment have taken several measures

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against smuggling of gold into the
country. These include strengthening
of the preventive and intelligence
machinery and setting up of Special
Cells for this purpose in important
Collectorates. The preventive and in-
telligence units at the international
airports and at other vulnerable points
have also been kept on alert to thwart
attempts at smuggling of gold. Patrol-
ling has been intensified in vulnerable
areas of land border/sea coasts and
adequate number of vehicles have been
provided for the purpose. Electronic
gadgets and devices, such as frisker
sets and fluroscopic units have been
provided at major international air-
ports for screening international pas-
sengers. Wireless communication facilities
have also been provided all along the
West Coast, vulnerable sectors of Indo-
Pak Border and South Eastern Coast.

SHRI BEDABRATA BARUA: In
spite of the denial by the Minister that
smuggling has not increased, the ques-
tion still arises about the demand. He
should know that the demand is still
reflecting in the price. Today, the
price of the gold is the highest. It is
more than Rs. 900/- per ten grams
which is much higher than the inter-
national price. This means that there
will be more demand created because
gold value itself justifies higher de-
mand. The Minister has to find out
whether it is good for the country to
have 50,000 crores worth of gold in the
country—the poorest country having
the largest gold stock. What will
happen to the value of the stock if the
world price could tumble down be-
cause of international factors or gold
could be manufactured in the labo-
ratory due to some scientific discovery?
What is being done to reduce this de-
mand? There is no use denying the
fact that the demand has increased. I
want to know: what is being done to

good; it is better to use one's savings in purchasing pumps rather than investing in useless gold and then come forward to the Government for credit for purchasing pumps?

SHRI SATISH AGARWAL: This is a very good suggestion of the hon. Member that the people should be educated so that they do not have any lure for gold. I agree with this suggestion and will see what can be done in this regard.

SHRI BEDABRATA BARUA: The other people who create the demand of gold are the black-marketeers. They are putting higher pressure on gold demand. What is being done in this regard? Why have you stopped the raids that were conducted during the Emergency? Though the Emergency was bad, the raids were not bad because that could have brought out the gold. There has been a lot of Government legislation in this regard but that is useless. May I know what has happened to the disastrous gold sale policy of last year? Why don't you put a ceiling on gold per family? Why don't you make laws for confiscation of extra possession of gold? And there should be no alibi offered for having extra gold like some friends having deposited their gold with others; this should not be allowed. There should be a legislation preventing people from having gold of more than a particular value? What is the latest fad of the Government in this regard?

SHRI SATISH AGARWAL: So far as the first part of the question is concerned, the hon. Member pleaded for more searches and seizures. For the information of this House, I may tell that in 1974, 49,000 searches were conducted, in 1975—60,000 approximately, in 1976—77,000, in 1977, the number has increased to 1.4 lakh, in 1978—1.02 lakh and in January 1979 alone, the figures is 4380. The value of the seizures respectively is: 1974—60 crores, 1975—45 crores, 1976—36 crores,

1977—30 crores and in 1978, the figure is the same. It means the number of seizures was less previously, but the confiscated goods were much more. Now, the number of seizures is much more, but the total availability of smuggled goods is much less. It means, comparatively prior to 1977, smuggling is very much contained during 1977-78. There is no base year for measuring the quantum of smuggling as we have in the case of consumer price index or wholesale price index during the base year 1960-61 or 1970-71. So, that way it has to be something relative to the previous years.

Another suggestion was made: "Why don't you put a ceiling on the holdings of individual persons which at the moment is 4 K.Gs. per family and 2 K.Gs. per individual for the purpose of declaration under the Gold (Control) Act." This is a suggestion that you have made right now. We will examine this question.

So far as the question of confiscation of gold en bloc is concerned, wherever we find gold of foreign markings or wherever we find primary gold, then on account of the seizures that we conduct, we confiscate that and account properly, and during the last years, the hon. Member will be pleased to know that in the year 1977, Rs. 1.82 crores worth of gold was seized and in 1978 it was Rs. 1.53 crores worth of gold seized. This was the gold seizure. These are the two suggestions that you made.

PROF. R. K. AMIN: Mr. Speaker, Sir, it is a well-known fact that after the gold policy in regard to the sale of gold was adopted by the Government, the difference between the landed cost and the domestic price has increased, and because the difference has increased, the smuggling of gold has also increased whether he accepts it or not. The best way to deal with the situation was to deal both on the demand side and the supply side. On demand side, may I know whether he would take steps to issue the index linked

goods so that the demand for satisfying the assets in which they can have a head against inflation can be satisfied? Unless you do it, you cannot stop the demand for gold in this country. Secondly, on the supply side, you could have taken steps because the difference is so big, you can have the biggest profit possible if you have imported gold and sold it here after putting whatever ceiling you wanted to put. If you take action on both demand and supply side, then alone your gold policy will be successful. Do you contemplate to take steps on demand side as well as supply side, as suggested by me?

SHRI SATISH AGARWAL: Sir, this is a very novel suggestion and a good suggestion made by the hon. Member. We shall definitely look into it. But I must admit, and I must inform the House that the price differential is one of the main reasons which leads to smuggling. But then in the year 1978 the differential in January and February 1978 was 53 per cent in January and 50 per cent in February. After the announcement of the gold sales by the Government, by the Finance Minister, on the 28th February 1978, this differential came down to 29 per cent in March 1978, and it continued in April, May, June, July, August and September. It was below 40 per cent. After the sales were stopped in October 1978, the differential has again gone up by 50 per cent to 55 per cent.

श्री सचिवीर सिंह : क्या यंत्री मशीन बतलायेगे कि कोई ऐसी मशीन बन गई है जिसे कारिगारों को खन कर देकर लिया जाय कि उ इन्होंने सोना कहाँ छिपा रखा है? 30 सालों में कभी भीलात बंद कर इन्होंने कहाँ रखा ही है, पता नहीं किस काम में छिपा रखा है। इस विषय विचार करके से विचार कर मशीन बना कर हम ई-0 सी-0 की 0 करते हैं और दिन को इकट्ठन से बीमारी का पता चल जाता है, क्या ऐसी ही कोई मशीन जिससे यह पता चल जाय कि इन्होंने सोना कहाँ छिपा रखा है? अगर यह सोना बाहर निकल जाये तो तारे देल की कल्पना हम ही कल्पनी।

MR. SPEAKER: You have no answer. That.

Special Law for Trying Hijackers

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*347. **SHRI RUDOLPH RODRIGUES:**

SHRI S. K. REDDY:

Will the Minister of **TOURISM AND CIVIL AVIATION** be pleased to state:

(a) whether Government propose to enact a special law to provide for deterrent punishment to hijackers, for establishment of Special Courts on the lines of those to try 'emergency' offences, in view of their activities in India; and

(b) whether the views of the International Authorities have also been sought in this regard and if so, the details thereof?

THE MINISTER OF TOURISM AND CIVIL AVIATION SHRI PURUSHOTTAM KAUSHIK: (a) and (b). A proposal for enacting Legislation to provide deterrent punishment to hijackers is under consideration of Government as part of the proposal to give effect to the International Convention known as the Hague Convention for the suppression of un-lawful seizure of aircraft. The question of consulting international authorities, therefore, does not arise. The point whether Special Courts would be necessary to try offence of hijacking would be examined at the time of drafting the Bill.

SHRI RUDOLPH RODRIGUES: I would like to first say that the question that I have submitted had a slightly different thrust, but it has been clubbed. I had no intention to ask about the Special Courts because it is not relevant in this situation and there is no question of consulting an International Authority. But nevertheless for the privilege of asking a supplementary, I am thankful. My first supplementary is, in connection with this, the measures to prevent skyjacking or hijacking can be both preventive and deterrent. In so far as the preventive measures are concerned, is it not a fact that besides the passengers who go on the aircraft, easy access is available to a number of people who work in