

**Tax Evasion by Shri R.N. Goenka**

\*148. SHRI D.K. PANDA :

SHRI S.A. MURUGANANTHAM :

Will the Minister of REVENUE AND BANKING be pleased to state :

(a) whether the Income Tax Department has detected a tax evasion on income of over Rs. 2 crores by Shri R.N. Goenka; and

(b) if so, the facts thereof and action being taken against him ?

THE MINISTER OF STATE IN-CHARGE OF THE DEPARTMENT OF REVENUE AND BANKING (SHRI PRANAB KUMAR MUKHERJEE) : (a) and (b) . A statement is laid on the Table of the House.

*Statement*

The Income-tax authorities have detected tax evasion on income of over Rs. 2 crores by concerns/firms with which Shri R.N. Goenka is closely connected.

(i) Express Newspapers (P) Ltd. are found to have resorted to fabrication of evidence in the form of books of account, vouchers etc. to conceal the real nature of the undisclosed income of about Rs. 1-10 crores brought into the books in the form of unexplained cash credits. In this attempt, there was a conspiracy among Express Newspapers (P) Ltd. and Ark Investments (P) Ltd. and the directors.

A complaint has been filed before the Chief Metropolitan Magistrate, Madras, under sections 120-B, 193 and 196 of the Indian Penal Code and Section 277 of the Income Tax Act, 1961. The accused are Shri Ramnath Goenka, Shri Bhagwandas Goenka, son of Shri R.N. Goenka, Smt. Sarojkumari Goenka, wife of Shri Bhagwandas Goenka, Shri A.N. Sivaraman, Director of M/s. Express Newspapers (P) Ltd., Shri Hari Ram Agarwala, brother's son of Shri Ram Nath Goenka, Shri V. Kuppaswami, Chief Accounts Officer of M/s. Express Newspapers (P) Ltd., Madras, and M/s. Ark Investments (P) Ltd.; Madras.

(ii) Faced with losses running into about Rs. 85 lakhs due to fall in value of shares of M/s. Indian Iron and steel Co., Ltd., Indian Express Newspaper (Bombay) (P) Ltd., Express Newspapers (P) Ltd., Madras, Indian Express (Madurai) (P) Ltd., Andhra Prabha (P) Ltd., Vijayawada and their directors and others formed a bogus firm in the name of 'Express Traders' in order to pass off the above loss incurred on 'capital account' as a trading loss. Although the firm was formed after April, 1971, it was made to appear that it had in fact been formed with effect from 1-10-1970 with the four accused companies as partners of the said firm.

In this connection a complaint has been filed under sections 277 and 278 of the Income Tax Act, 1961 in the Court of Additional Chief Metropolitan Magistrate, 19th Court, Esplanade, Bombay. The following are the accused in this complaint :

- (1) Shri Ram Nath Goenka.
- (2) Shri Bhagwandas Goenka, son of Shri R.N. Goenka.
- (3) Smt. Sarojkumari Goenka, wife of Shri Bhagwandass Goenka.
- (4) Shri G.M. Laud.
- (5) Shri A.N. Sivaraman.
- (6) Shri Ashok S. Dalmia.
- (7) Shri K.L. Shah.
- (8) Shri R.S. Jhvari.
- (9) Indian Express Newspaper (Bombay) (P) Ltd.
- (10) Express Newspapers (P) Ltd Madras.
- (11) Indian Express (Madurai) (P) Ltd., and
- (12) Andhra Prabha (P) Ltd., Vijayawada.

**SHRI D. K. PANDA :** As per the statement, there are two charges made against Mr. Goenka, the biggest man of the biggest monopoly house. The action taken as per these two charges is that two complaints were filed by Government against Mr. Goenka, though there have been charges against him since 1965, long long ago. The charges were of creating, forgery, breach of trust, conspiracy to tamper with records and tax evasion. Almost all the papers have referred to this, if I may quote, 'maha gulmal of Maha Goenka'. This is dated July 31, 1976. I am not taking much of the time, but I would seek your permission to read out only one portion. "He was charged with conspiracy relating to the company affairs regarding the Express Newspapers. With regard to this company, Government also refused to approve R.N. Goenka as the director. Thereafter, Mr. Goenka referred the matter to court. Then our Government also filed a counter against it. Then the Government resiled. It has been reported that there was an unannounced mutual settlement.

My point is this. From 1965 the charges were made against him. It was relating to a jute company—false vouchers (1970), case of conspiracy (May 1973), non-existent. A paper stock; (March 1976)—Shri Bhogendra Jha, an hon. member of this House also raised this question. In spite of all these charges against him for the most nefarious and criminal acts committed by this Maha Goenka, are Government satisfied by merely filing two complaints? I am not referring to the sections under which the complaints were filed....

**MR. SPEAKER :** It is all right. You can put your question.

**SHRI D.K. PANDA :** So my question is : In view of the precedent followed by Government in a case where there was some unannounced mutual settlement, is the same principle and the same method going to be followed in hotchpotching

and scrapping all these complaints? Or whether there are any provisions under which he can be proceeded against?

Are Government going to take stringent action against Goenka immediately to put him behind the bars, and secondly....

**MR. SPEAKER :** No 'secondly'.

**SHRI PRANAB KUMAR MUKHERJEE :** I am not aware of any settlement which the hon. member mentioned. In fact, I have tried to give an exhaustive reply in the statement I have laid on the Table, including the charges framed therein. From the income tax side, two complaints have been filed in Madras and Bombay. There we have completed our investigations. But a case of this nature has naturally very wide ramifications. CBI and Company Affairs are also involved therein and they are bringing their cases separately. So far as income tax is concerned, we have filed the complaints and we are taking action against them. There is no question of making any hotchpotch or settlement.

**MR. SPEAKER :** Mr. Panda, be brief this time.

**SHRI D. K. PANDA :** Perhaps all the references I made to the facts and the statements in papers could not catch the imagination of the hon. Minister. Therefore he has....

**MR. SPEAKER :** No innuendo. Put your question straight.

**SHRI D. K. PANDA :** My straight question is : In spite of the most revealing criminal acts committed by Goenka for the last several years, are Government going to immediately put him behind the bars and also take over this monopoly house?

**SHRI PRANAB KUMAR MUKHERJEE :** So far as income-tax is concerned, I have no authority to put any people behind the bar.

**SHRI S. A. SHAMIM :** You want that authority also ?

**MR. SPEAKER :** Then, Mr. Murganathan—not here. **SHRI GOSWAMI**

**SHRI DINESH CHANDRA GO-SWAMI :** From the reply of the hon. Minister it becomes apparent that the Government is contemplating cases in other directions also and he is already answering the charges regarding income tax and there too, complaints have been made.

May I know whether already some cases have been filed against Shri R.N. Goenka regarding some of the anomalies and if so, at what stage these cases are pending and some of the cases have been stayed by the High Courts and if so what is the present position of those cases ?

**SHRI PRANAB KUMAR MUKHERJEE .** So far as the two income-tax cases are concerned one is in the Presidency Magistrate's Court at Madras and the other is in the Metropolitan Magistrate's Court, Bombay. In Madras the CBI has also filed a case and in respect of other companies, particularly, the Indian Express Pvt. Ltd, Bombay the CBI is investigating. Another case is being looked after by the Department of Company Affairs.

**SHRI INDRAJIT GUPTA :** In the statement I do not find any reference to the affairs of the National Jute Mill Company. Is it not a fact that in 1965 there was a complaint about false vouchers having been concocted to show much larger payments having been made for big quantities of raw jute purchased whereas the actual price paid by the company was much less and thereby naturally tax evasion was also carried out. There seem to be no proceedings against them for tax evasion in this particular case.

Secondly, the same company were able to get a very large quantity of loans from the State Bank of India by hypothecating their stocks of raw jute and later it was

found that those stocks were non-existent. I would like to know whether in this respect also any proceedings of any type are being undertaken. So many years are passing and nothing is happening at all.

**SHRI PRANAB KUMAR MUKHERJEE :** So far as the National Jute Mill is concerned the CBI is investigating into that affair....

**SHRI INDRAJIT GUPTA :** Still investigating ?

**SHRI PRANAB KUMAR MUKHERJEE :** ... and they have not yet completed and as a result, no case from the taxation point of view has been instituted.

**SHRI K. MAYATHEVAR :** May I understand from the hon. Minister's reply that Mr. Goenka & his companies are capable of committing almost all kinds of offences under the Indian Penal Code and most of the provisions are being violated on the income tax side so on and so forth and all offences are being committed. Even their newspapers in Tamil Nadu like the *Indian Express*, *Dinamani* and the periodical *Dinamani Kadir* are writing against the 20-Point Programme even to this day. Is there no programme to take severe action against these papers and applying MISA against Mr. Goenka and his companies ? They are writing against the 20-Point programme itself.

**SHRI PRANAB KUMAR MUKHERJEE :** So far as newspaper items are concerned, I have nothing to do from the taxation point of view.

**MR. SPEAKER :** Next question—  
Shri Lalji Bhai—absent.

Shri Gangadeb—also not here.

**SHRI BHOGENDRA JHA :** Mr. Speaker, please allow me one question.

MR. SPEAKER : I have allowed five questions, The questions are all in the nature of suggestions and the Minister is not giving any more answer. I am sorry I cannot allow any more questions.

SHRI BHOGENDRA JHA : I got up many times to catch your eye and you are not allowing me. As a protest, I walk out.

*Shri Bhogendra Jha, then left the house.*

SHRI S. A. SHAMIM : This may be registered as a walk-out. This is the first walk-out after the Emergency.

This is the first lone walk-out by a loan member.

MR. SPEAKER : I am sorry. Next question.

**Loans outstanding Against the Bihar Government**

\*151. SHRI N. E. HORO : Will the Minister of FINANCE be pleased to state:

(a) the total loan outstanding against Bihar Government on account of relief advances; and

(b) the amount of interest Bihar Government have paid to the Central Government during 1974-75 and 1975-76 on this account?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI SUSHILA ROHATGI):

(a) and (b) : A statement is laid on the Table of the House.

*Statement*

(a) and (b) : Following the recommendations of the Sixth Finance Commission, all loans outstanding against the State Governments at the end of 1973-74 have been consolidated. The State Governments are paying interest and repaying the principal in respect of such consolidated loans. The loans given to the State Governments for natural calamities prior to the 31st March, 1974 have become a part of these consolidated loans.

As from the 1st April, 1974, there has been a change in the policy of Central assistance to States for natural calamities in pursuance of recommendations of the Finance Commission. No non-Plan Central assistance is given to States now for meeting expenditures necessitated by natural calamities. Where considered essential, advance Plan assistance is made available to the States for accelerating Plan programmes, but such advance assistance is liable to be adjusted within the Central assistance to States in the Fifth Plan period as a whole.

In view of what has been stated above, it is not possible to isolate the amount of interests paid by the Bihar Government on Central loans for natural calamities during 1974-75 and 1975-76.

SHRI N. E. HORO : As per the statement since the policy has been changed and now all the outstanding loans are consolidated, the Government are not able to give a separate figure as to what is the relief loan outstanding from the Bihar Government. I should like to know from the government, at the time the different loans were consolidated, what was the figure and how much has been realised as principal and interests and what is the outstanding?

SHRIMATI SUSHILA ROHATGI :

It is true that the loans were being consolidated and the hon. Member wants to know the figure at the time it was consolidated. In the case of Bihar at the end of 1973-74 the consolidated amount stood at Rs 42.79 crores.

MR. SPEAKER : Is it against relief ?

SHRIMATI SUSHILA ROHATGI :

That is the consolidated total for natural calamities.