

# LOK SABHA DEBATES

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LOK SABHA

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*Friday, November 28, 1986/  
Agrahayana 7, 1908 (Saka)*

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*The Lok Sabha met at Eleven of  
the Clock*

[MR. SPEAKER *in the Chair*]

MEMBER SWORN

*Shrimati Manorama Singh (Banka)*

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ORAL ANSWERS TO QUESTIONS

[*English*]

**Raid on premises of construction  
material companies for FERA  
violation**

\*366. SHRI BANWARI LAL PUROHIT : Will the Minister of FINANCE be pleased to state :

(a) whether the enforcement directorate officials at Bangalore have recently raided the residences and business premises of certain construction material companies for violation of the Foreign Exchange (Regulation) Act ;

(b) the details of the incriminating documents and Indian and foreign currency seized during the raids ;

(c) the details of the arrests made in this regard ; and

(d) the further action contemplated by Government against the persons involved ?

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THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH): (a), (b), (c) and (d) A Statement is given below.

**Statement**

(a) Yes, Sir.

(b) Certain documents suspected to reveal transactions in violation of the provisions of Foreign Exchange Regulation Act, besides Indian currency amounting to Rs. 4,50,000 and foreign currency worth Rs. 25,000, have been seized by the Directorate of Enforcement (FERA) as a result of searches conducted on the office and residential premises of M/s. Nitco Construction Materials Pvt. Ltd. and its Directors and executives at Bangalore and New Delhi.

As the investigations are in progress, it would not be expedient in the interest of effective investigations to disclose further details at this stage.

(c) No arrest has been made in this regard.

(d) Appropriate action under the law, as warranted by the result of investigations, will be taken.

[*Translation*]

SHRI BANWARI LAL PUROHIT : Mr. Speaker, Sir, the question is that the hon. Minister formulates several schemes to augment foreign exchange, provides many incentives and tries his best to ensure that the foreign exchange earnings of the country increase more and more, but in spite of this we often read in the newspapers that these capitalists keep on indulging in bunglings. From the reply given by the hon. Minister it looks as if I was asking some defence secret which he cannot divulge. Have we not the right to know as to what has been stolen by a thief or what wrong has been done by someone ?

This company has indulged in bungling, but no action has been taken against it so far, no arrest has been made. I want to know from the hon. Minister what action he proposes to take in this matter? What sort of manipulation has been done by the company, what was their mode of operation—at least this should be told to us? This house has the right to know as to what these capitalists are doing with the country?

**SHRI VISHWANATH PRATAP SINGH :** There is no secret in it, Sir. We have already revealed the name of the company.

**SHRI BANWARI LAL PUROHIT :** No action has been taken against it.

**SHRI VISHWANATH PRATAP SINGH :** Action is being taken. It is because of the action taken that we have mentioned that Indian currency amounting to Rs. 4,50,000 and foreign currency worth Rs. 25,000 have been seized. The raid was conducted only last month and the documents are still being scrutinised. It is better if the complete details are given only after the investigation has been completed. Otherwise, incomplete information may benefit them. Therefore, question of concealing anything from this august House and the hon. Members does not arise.

**SHRI BANWARI LAL PUROHIT :** Mr. Speaker, Sir, in spite of all the laws and rules, the capitalists indulge in such activities and violate the foreign exchange laws. Will the hon. Minister frame such foolproof laws which may help in checking these violations and manipulations in invoicing? Or otherwise give them such harsh punishment that they may prove effective deterrents.

**SHRI VISHWANATH PRATAP SINGH :** We are moving in the right direction and we have achieved much success in it. You are aware that in spite of the provision of death sentence, murders are still being committed. It does not seem possible that it can be stopped completely, but we shall always remain prepared to take effective steps to check it.

**SHRI GIRDHARI LAL VYAS :** The hon. Minister has told that black money

worth Rs. 4.5 lakhs and foreign currency worth Rs. 25 thousand has been seized. It is a sufficient ground on which arrests could have been made; but the hon. Minister has told that the documents are being examined. Have the officials informed you on the basis of those documents that there is likelihood of some more manipulations or some big scandal being revealed and it is because of it that you have not arrested them? Otherwise which are other grounds on the basis of which you have not arrested them and have let them off.

**SHRI VISHWANATH PRATAP SINGH :** We have not spared anyone nor will anyone be spared. After the investigations have been completed, no one found guilty will escape. But at the moment documents are being scrutinised. After the investigations are over, it can be either way. May be something comes out, may be nothing comes out. At this stage I cannot say anything. But after the scrutiny is over, action will be taken strictly. It is not that the offenders have been allowed to escape punishment.

**SHRI GIRDHARI LAL VYAS :** Mr. Speaker, Sir, my question has not been replied. Have your officials informed you that some other case is going to be exposed and it is because of this reason that arrests have not been made? If you have seized Rs. 4 lakhs from them, then you have a sufficient ground to arrest them. Why then have you not arrested them?

**SHRI VISHWANATH PRATAP SINGH :** Mr. Speaker, Sir, seizure of Rs. 4 lakhs does not involve FERA violations; it belongs to the Income Tax Department. Rs 25 thousand worth of foreign exchange has been seized. I can give you the figures relating to the action taken last year. From that you can make a guess. If there is any doubt in your mind that the Government is showing any leniency, I may tell you that in 1984, tax evasion worth Rs 200 crores was detected... *(Interruptions)* Kindly listen to me. I am replying to your point. You are questioning the intention of the Government. In 1985, Rs. 608 crores were seized, which is threefold and in 1986 upto September i.e. within 9 months, the figures of earlier year have been crossed as the figures for this period are Rs. 628 crores. Do not think we are showing any weakness.

The documents have been received in the last week of October and these are being scrutinised. No leniency will be shown. We shall make arrests after we have completed the investigation. Afterwards the case will go to the court. While going to the court our case should be strong so that we can answer their points.

SHRI GIRDHARI LAL VYAS : Mr. Minister, we do not doubt your *bona fides* ; we doubt your officials' *bona fides*.

SHRI VISHWANATH PRATAP SINGH: Do not doubt the *bona fides* of the officials also. They have shown results.

[English]

SHRI D.N. REDDY : Is the hon. Minister aware that very little publicity is given to economic offenders who are on the increase all over the country ? Wide publicity will be a great deterrent to the offenders. So will the Minister take steps in this respect ? Quite often questions sent by me in this respect have been returned on some pretext or the other. The public has a right to know who are the offenders and what is the action taken ? We have a right to know the names of the economic offenders and also what action has been taken against them during the last one year.

SHRI VISHWANATH PRATAP SINGH: Sir, I need a separate notice for this.

[Translation]

Shortage of stamp papers

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\*367. SHRI DAL CHANDER JAIN :  
SHRI T. BASHEER :

Will the Minister of FINANCE be pleased to state :

(a) whether Union Government's attention has been drawn to the persistent acute shortage of small denomination stamp papers in the whole country causing inconvenience to people, particularly the poor, who have to affix stamps of higher denomination ; and

(b) the remedial action being taken by Union Government in this regard ?

[English]

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI) : (a) There has been a shortage of stamp papers of smaller denominations on account of increase in overall demand in different parts of the country and also on account of difficult position prevailing in regard to paper supplies to India Security Press, Nashik Road which has affected production.

(b) Action has been taken to locate alternative supplies of paper and instal multi-operation machines to increase production.

[Translation]

SHRI DAL CHANDER JAIN : Mr. Speaker, Sir, I want to know from the hon. Minister when did it come to the knowledge of the Government that there was shortage of stamp papers of smaller denominations in the country and what have been the results of the action taken in this regard ?

SHRI B.K. GADHVI : Mr. Speaker, Sir, this thing came to our notice one year back that the demand of this paper is increasing and we have not been able to supply it as per the demand. There are many reasons for this. Sometimes we had to print other papers also like Indira Vikas Patra etc. This has also caused the shortage. There was also a strike in the organisation from where we had been purchasing paper, but now we have finalised the deal with another source and the supply is being augmented.

SHRI DAL CHANDER JAIN : Mr. Speaker, Sir, I want to know that when Government is importing even small items, why could it not import stamp paper which is very essential for us ?

SHRI GIRDHARI LAL VYAS : How much loss has the Government suffered due to this.

SHRI DAL CHANDER JAIN : The Government has not suffered any loss. Do the Government know how much loss the common man, who wants to use the stamp