

13.03 hrs.

**STATEMENT RE. DELHI POLICE
ORDINANCE, 1978**

**THE MINISTER OF STATE IN
THE MINISTRY OF HOME AFFAIRS
(SHRI DHANIK LAL MANDAL):** Sir,
I beg to lay on the Table an explanatory statement (Hindi and English versions) giving reasons for immediate legislation by the Delhi Police Ordinance, 1978.

MR. SPEAKER: Now, there are five Rule 377 statements. Is it the pleasure of the House to take them up now or do we take them up after lunch? If we take them up after lunch, it will cut into the time for the discussion of the Shah Commission report.

SEVERAL HON. MEMBERS: After lunch.

PROF. P. G. MAVALANKAR: If we finish them now itself, it will be better.

MR. SPEAKER: But the House is not in a mood. So we adjourn now and meet at 2 p.m.

13.04 hrs.

The Lok Sabha adjourned for Lunch till Fourteen of the Clock.

The Lok Sabha re-assembled after Lunch at Five Minutes past Fourteen of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

MATTERS UNDER RULE 377

- (i) REPORTED ATTEMPT FOR REMITTANCES ABROAD BY CENTRAL PROVINCES MANGANESE ORE, COMPANY LTD., NAGPUR.

SHRI C. K. CHANDRAPPAN (Cennanore): Sir, under Rule 377, I wish to raise the following:

The case in question is one which reveals how a powerful foreign company can influence people in high places and with their connivance commit a fraud on the country and get away with millions of rupees.

Central Provinces Manganese Ore Company Ltd., Nagpur, is incorporated in U.K. and held 49 per cent share in Manganese Ore India Ltd, a public sector undertakings. The company refused to dilute its holdings in accordance with FERA and this led to its take-over by the Government of India in 1977. With this the activities of the company came to an end and the company which hardly had any assets worth the name, started the process of its winding up.

But now they are making an attempt to take away from India Rs. 80 lakhs in a fraudulent manner, in the name of remittances abroad of its past profits. This fraud was exposed by the Reserve Bank of India and Income Tax officials and permission was withheld since 1975. But now people connected with highest authority in the country came to the rescue of this foreign company....

*** (Interruptions)*

MR. DEPUTY SPEAKER: Nothing except what Mr. Chandrappan reads out will go on record. He is also not permitted to say anything beyond what is already given here.

SHRI C. K. CHANDRAPPAN: pressurised the officials of the RBI and IT and obtained permission to the company to remit its past profits abroad. It is now in the final stage with the Exchange Control Department of RBI in Bombay for processing the release of remittance abroad. If everything goes well as planned, within a few days, India will lose about Rs. 80 lakhs in this shady transaction.

In 1975, without taking permission of the RBI, the company in violation of the FERA advanced a loan of Rs. 1 crores to Ritz (P) Ltd., Bombay. The company had taken sufficient documents from Ritz (P) Ltd. to ensure the repayment of loan. The Enforcement Directorate took action against the company and directed the RBI not to permit further remittances abroad by this company.

The company's application for remittances abroad has thus been pending with RBI since 1975. In 1977 the company again applied to RBI for fresh remittances abroad and of the capital sales proceeds. The RBI withheld permission for want of Income Tax clearance certificate.

The company approached Shri P. Sadagopan, the then Commissioner of Income Tax, Nagpur & Vidarbha, for Tax clearance certificate. He refused to issue the certificate unless the Company guaranteed the payment of tax and penalty that may become due and payable on final assessment of its income. The Income Tax Department reopened the assessment of the Company on 20-3-1970. The Department received secret information from the Central Board of Revenue that the company has on a large scale suppressed their F.O.B. value of the manganese ore exported during that year. The company supplied manganese ore to foreign supplier (a) United States Steel Corporation (b) E. J. LAVINO & Co. (c) British Iron Steel Co. (P) Ltd. On all the exports made to these foreign buyers, there has been a suppression of about Dollars 10 to Dollars 15 per tonne depending on the manganese content.

The Central Excise and Customs Authorities at Madras notice that the Company deliberately suppressed the value to avoid payment of export duty of 15 per cent on the correct value.

On these secret reports, action was taken against the company by the
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Customs Authorities and additional duty of a sizeable nature was levied.

The Company substantially accepted the levy of additional duty and paid it, thinking that the Government will not take any further action.

However, the Income-tax Department raised its claim against the Company, by reopening the assessment on 20-3-1970. The Department was fully satisfied as to the necessity of reopening the assessment. The estimated suppression in the value of goods as discovered in the records now available is about Rs. 80 lakhs.

In view of the large tax commitments, the Commissioner insisted on the Company to give adequate security by way of cash or substantial guarantee to safeguard the interests of the Government.

He was very keen to have this requirement complied with as the Government will have no means to recover the tax dues, as the company has lost all its assets and also stopped its trading activities. The Company brought forward the guarantee of Ritz (P) Ltd. The Commissioner made enquiries with the Commissioner of Income-tax, Bombay City about the creditworthiness of the Ritz (P) Ltd.

Ultimately, he found, on analysis of the Balance-sheet of Ritz (P) Ltd. that there are huge losses incurred and the only asset belonging to it was mortgaged to the Company.

He did not accept the guarantee offered through Ritz (P) Ltd. He informed the Company that the Company should deposit the Title Deeds of the Ritz Building with the Government, by way of a First Charge on the property. All this happened during March, 1978.

The Company slept over the issue till the end of May, 1978, when the successor Commissioner, Shri Anant-

[Shri C. K. Chandrapan]

arama Iyer, was approached. He too did not issue the certificates. Shri V. Chidambara, at present holding the charge, initially refused to issue the certificate.

In this context, Sir, I request the Government first, to take urgent steps to ensure that the Company is not given permission by the Exchange Control Department at Bombay, for remittance abroad. Secondly, an Enquiry may be ordered into the whole affair. Thirdly, a comprehensive statement may be made in the House. Thank you.

MR. DEPUTY-SPEAKER: Shri Balwant Singh Ramoowalia—not here.

Now, Shri Yuvraj.

(ii) REPORTED DANGER TO NATIONAL HIGHWAY NO. 31 AND SUBMERGING OF RAILWAY LINES NEAR NARAYANPUR RAILWAY STATION IN BIHAR BY FLOOD WATERS.

श्री युवराज (कटिहार) : उपाध्यक्ष महोदय, पूर्वोत्तर भारत को सम्पूर्ण देश से जोड़ने वाली पूर्वोत्तर रेलवे लाइन, नारायणपुर स्टेशन के निकट मात्र एक सौ फीट की दूरी पर गंगा नदी बह रही है और सतत कटाव जारी है। इस रेलवे लाइन के कटावग्रस्त हो जाने पर राष्ट्रीय उच्च मार्ग 31 भी कट जायेगा क्योंकि यह मार्ग भी 500-600 फीट की दूरी पर अवस्थित है। देश के सम्पूर्ण भाग का सम्बन्ध आसाम प्रदेश एवं पूर्वी क्षेत्रों से है। आसाम मेल, अवध तिरहुत मेल, वैशाली एक्सप्रेस, प्रयाग एक्सप्रेस आदि अनेकों एक्सप्रेस, पैसेंजर और माल डोने वाली गाड़ियाँ नित्य प्रति इसी रेल मार्ग से गुजरती हैं। नेफा आदि सीमाओं पर प्रतिरक्षा की स्थिति सुदृढ़ बनाये रखने के लिए फौजी गाड़ियाँ और प्रतिरक्षा के सैनिकों के सारे सामान की दुलाई इसी मार्ग से होती रहती है। जनसाधारण के आवागमन का भी यह महत्वपूर्ण मार्ग है।

किसी क्षण पूर्वोत्तर रेलवे स्टेशन नारायणपुर के निकट यह लाइन कट जाने पर आवागमन अवरुद्ध हो जायेगा। गत दो वर्ष पूर्व मानसी भी इस प्रकार खतरे से घिर गया था परन्तु केन्द्रीय सरकार की सतर्कता और विशाल साधन के बल पर मानसी के कटाव को रोका जा सका। प्रतिरक्षा की दृष्टि से भी और बड़े पैमाने पर नित्य प्रति यात्रियों के आवागमन, माल दुलाई आदि की दृष्टि से पूर्वोत्तर रेलवे लाइन नारायणपुर की सुरक्षा का बड़ा महत्व है। देश के इस लाइन लाइन के कटावग्रस्त हो जाने से रेल एवं राष्ट्रीय मार्ग द्वारा आवागमन जो सम्पूर्ण देश को उत्तर-पूर्वीय भारत से मिलाता है अवरुद्ध हो जायेगा और इस से देश को बड़ा नुकसान पहुँचेगा। अतः कटाव के विशेषज्ञ और तकनीकी ज्ञान प्राप्त टीम को अविलम्ब भेज कर पूर्वोत्तर रेलवे लाइन की सुरक्षा नारायणपुर रेलवे स्टेशन के निकट की जाय और अतंकपूर्ण स्थिति जो इस इलाके में व्याप्त है उसका समाधान यद्द स्तर पर दृढ़ कर कटाव से सुरक्षा की व्यवस्था अविलम्ब की जाय।

(iii) REPORTED SUPPLY OF CONTAMINATED WATER IN SOUTH DELHI.

DR. MURLI MANOHAR JOSHI (Almora): Sir, I wish to raise the following matter under Rule 377.

Recent chemical analysis of the water supplied in some of the South Delhi areas has revealed that contaminated and impure water was flowing through the pipes, posing a grave danger to the health of the residents. Samples of piped water collected from different areas show that in all the areas, the content of residual chlorine was either non-existent or was much less than the minimum specified limit of two parts per million. Chlorine is the main water-disinfectant which removes harmful bacteria. The tests also reveal that the water had traces of ammonia (Urine), the iron content was 0.6 ppm against a permissible limit of 0.3 ppm