

PROF. MADHU DANDAVATE: Let him not be so irresponsible, let him not be so cold. Let him make some observations.

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI K. C. PANT): I agree with Shri Dandavate that this is a matter in which a peaceful solution must be found and agitation should not be resorted to. It is an old dispute which has been before us for a long time. He referred to some specific instances in Mysore and with all respect, Sir, I would submit that whenever these specific instances are referred to, advance notice must be given to Government. Because, an hon. Member may make some statement which may reflect on a State Government and I would not be in possession of all the facts and I cannot therefore deal with such points.

PROF. MADHU DANDAVATE: I have given notice.

SHRI K. C. PANT: Therefore, Sir, it may be a little unfair to the State Government if these statements are made by any Member here. I am sure, my hon. friend does not want to add to the excitement in Maharashtra.

PROF. MADHU DANDAVATE: Not at all.

SHRI K. C. PANT: In whatever that is being said and done in this House, the primary concern has to be that there is no excitement and also that agitation is not fomented in any way. All of us must put our heads together, as we did whenever such problems confronted us, to find a peaceful solution.

MR. SPEAKER: The House now stands adjourned for lunch till 2-30 P.M.

13.27 hrs.

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

The Lok Sabha re-assembled after Lunch at thirty-three minutes past Fourteen of the Clock.

[**MR. DEPUTY SPEAKER in the Chair**]

SHRI S. M. BANERJEE (Kanpur): Sir, I hope you know that it has been brought to your notice as to what has appeared in the Patriot newspaper, dated 29th July, 1973.

It has been stated that:—

"A private detective agency with branches all over the country is learnt to have struck a security deal with the U.S. Embassy."

"The first to undertake, the security of a foreign mission, the agency has about 1500 persons on the staff."

MR. DEPUTY-SPEAKER: Now, what do you want me to do?

SHRI S. M. BANERJEE: I would only request you to hear what has been stated in the newspaper. It says:—

The entire Indian staff of the embassy—from Chowkidar to receptionist—are secured by the agency."

Sir, I only say that there are 1500 persons on the staff of the embassy who are all trained as security staff. I would only request you to ask the hon. Minister to make a statement on this because this affects the security of the country.

14.35 hrs.

CUSTOMS GOLD (CONTROL) AND CENTRAL EXCISES AND SALT (AMENDMENT) BILL

MR. DEPUTY-SPEAKER: We take up the Customs, Gold (Control) and Central Excise and Salt (Amendment) Bill. Shri Ganesh.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH): Mr. Deputy-Speaker, Sir, I have had occasions, in the past, to refer in this House, to the various measures on which action has either been ini-

uated by Government or which were under consideration of the Government to make the enforcement of the fiscal laws more of effective to curb evasion of taxes and to check malpractices.

In pursuance of these objectives, in the sphere of direct taxes, Government had set up the Direct Taxes Inquiry Committee under the chairmanship of Shri Wanchoo. Government had also referred the question of effectively dealing with economic offences to the Law Commission. The Law Commission has in its 47th report on the trial and punishment of social and economic offences, highlighted the directions in which to amend the various laws relating to economic offences so as to make their enforcement more effective. Copy of the report of the Law Commission has already been laid on the Table of the House.

In the field of direct taxes, the recommendations of the Wanchoo Committee and the Law Commission have been considered by Government, and as hon. Members are aware, legislation has already been introduced to give effect to some of these recommendations.

The Study Team on 'Leakage of Foreign Exchange through Invoice Manipulation' had also made certain recommendations for amending some of the provisions of the Customs Act and the Foreign Exchange Regulation Act. Hon. Members are aware that Government have already introduced the Foreign Exchange Regulation Bill to give effect to some of the recommendations of the Law Commission and of the Study Team on leakage of foreign exchange through invoice manipulation.

The Customs, Gold (Control) and Central Excises and Salt (Amendment) Bill seeks to amend the Customs Act, the Gold Control Act and the Central Excises and Salt Act in the light of the recommendations of the Law Commission and the Study Team. The amendments only seek to make the punishment prescribed under the three Acts more severe in certain types of cases and to make certain other provisions therein with regard

to the rules of evidence and procedure with a view to removing the loopholes noticed in the working of these Acts and making their enforcement more effective.

The Bill was introduced in the House in December, 1972. As hon. Members would have noticed, the Bill contains only 22 clauses. Moreover, since by these clauses, three enactments are being amended and the nature of amendments in regard to many clauses is on the same lines, I could take the liberty of saying that the Bill is a short one.

With these words, I beg to move:*

"That the Bill further to amend the Customs Act, 1962, the Gold (Control) Act, 1968 and the Central Excises and Salt Act, 1944, be taken into consideration."

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill further to amend the Customs Act, 1962, the Gold (Control) Act, 1968, and the Central Excises and Salt Act, 1944, be taken into consideration."

SHRI S. M. BANERJEE (Kanpur): I rise to support the Bill in so far as it deals with those who are violating the various regulations and doing some anti-social acts. As we see from the Statement of Objects and Reasons, the Law Commission in its 47th report on the trial and punishment of social and economic offences has made certain recommendations to amend certain statutes like the Customs Act, 1962, the Gold Control Act, 1968 and the Central Excises and Salt Act, 1944, and the Foreign Exchange Regulation Act, 1947. The Study Team on leakage of foreign exchange through invoice manipulation has also in its report made certain recommendations for amending some of the abovesaid Acts. It is true that over-invoicing and under-invoicing is the main source of leakage of foreign exchange. Earlier also we had seen that there were many big businesshouses

*Moved with the recommendation of the President.

[Shri S. M. Banerjee]

which were doing it and they were (ned Rs. 2-1|2 crores and in certain cases more than Rs. 2 crores, but ultimately it was reduced to about Rs. 40 or 50 lakhs. My submission is that that would not do. Therefore, this sort of legislation by which Government are empowered to give severe punishment to those who are offenders is welcome. But the question is whether it would be implemented properly. For instance, when the Gold Control Order and the Gold Control Act, 1968 brought before the House, we were opposed to it. When the ordinance was promulgated and when the Bill was brought forward, we were opposed to it. The then Finance Minister Shri Morarji Desai listed three objectives for the measure that he had brought forward. The first was that smuggling would be less or would be minimised or eliminated. The second was that the price of gold would be comparable to the international price, and the third was that concealed would come out.

Let us think coolly and calmly and search our hearts. Then we shall come to the conclusion that none of these objectives has been fulfilled. Has concealed gold come out? No. Has smuggling stopped? No; it has increased. As for the price of gold, it is today much more than the international price. In these circumstances, why are Government still thinking of continuing the Gold Control Act.

There are certain clauses here with which I shall deal at the second reading stage. Today the goldsmiths are harassed by the inspectors. I have information before me which shows that in July itself there were six raids in Kanpur, on the sarafs. It was simply to harass them and get money from them. When somebody gives them money, there is no harassment and no searches. That being so, is there any need in having this Gold Control Act at all? Is it needed for any other purpose than to fill the pockets of some inspectors who want to earn at the cost of the goldsmiths? So I would request the hon. Minister to consider more seriously whether the Gold Control Act

is needed at present as it has defeated all the stated objectives.

As regards customs, I would like to know the cases of business houses indulging in over-invoicing and under-invoicing in the matter of jute and other things. Have they been caught or not? How many have been caught and punished under this Act during 1971 and 1972. My information is that whatever the cases were, they were tried but later on only fined. Persons who were able to make crores of rupees out of these shady deals are given a punishment of fine of Rs. 50,000, Rs. 40,000 or Rs. 10,000. This does not bother them. They go on merrily with this. I know one senior officer, Shri Srivastava.....

MR. DEPUTY-SPEAKER: Why mention names?

SHRI S. M. BANERJEE: I am not mentioning.

MR. DEPUTY-SPEAKER: You have mentioned.

SHRI S. M. BANERJEE: I was going to say that he was doing a good job.

MR. DEPUTY-SPEAKER: Let us not issue certificates to officers from this House.

SHRI S. M. BANERJEE: I will not mention names. I say that one of the officers who was doing a good job and was catching these involved in the shady deals of over-invoicing and under-invoicing, was transferred. Today he is not in the department at all; he has been sent to a different department. This is because the big houses like Bajorias, Bird and Co. and others never wanted him to continue in Calcutta or Bombay. I am told that big smugglers like Guli Mastan etc. have got him transferred from Bombay to some other place. This shows that persons indulging in smuggling can get people transferred. Then how do we check smuggling of goods from foreign countries we wanted to manufacture some fast-moving vessels to catch the smugglers in

the high seas. These were to be manufactured under the Defence Ministry. But the smuggler interests in the country are so powerful that they could block this attempt. There is an international brotherhood among smugglers. They do not go by colour or creed....

SHRI PILOO MODY (Godhra): It is not an international brotherhood; it is a national brotherhood.

SHRI S. M. BANERJEE: You know better about smuggling than I.

SHRI PILOO MODY: Then why are you talking about it? Leave it to me.

SHRI S. M. BANERJEE: I am trying to learn. You kindly correct me later.

So this vessel was not allowed to be manufactured. The file was lying in the Defence Ministry. Then it went to Finance. It was not sanctioned there. I want an answer from the hon. Minister whether this is correct. If so, how do we stop smuggling?

Coming to the clauses of the Bill, there is a good clause which says that names can be published.

MR. DEPUTY-SPEAKER: That is the main purpose of the Bill.

SHRI S. M. BANERJEE: There are other provisions also.

MR. DEPUTY-SPEAKER: That is the main thing.

SHRI S. M. BANERJEE: But the point is that if their names are published, they become shamless. As long as they are not published, there is something to lose. As some businessman told me, prison is only meant for the unsuccessful criminals; if they are successful they are gentlemen at large! I would like to know, along with this, what has happened to the old cases which were before the authorities; whether action has been taken or not and what concrete steps, apart from this legislation, are being taken to stop smuggling and stop over-invoicing and under-invoicing.

Then there are two questions more which may not be directly connected with this one which I would like to raise. We are trying our best to plug the loopholes whether in the matter of customs or central excise or salt or any other taxation in respect of taxable commodities. We are getting the maximum amount of money out of income-tax. I would like to know whether it is a fact that a committee has been formed by the Chairman of the Central Board of Direct Taxes to reopen the case against Birlas and whether the case has been reopened. It had been closed earlier. In the case of Ram Ratan Gupta, the famous man of Kanpur who did not own anything before Independence and now charged for non-payment of Government dues, the case was written off by Shri Gopala Reddy when he was the Minister. Now, it has been reopened. The case involves a sum of Rs. 31 lakhs. I would like to know whether the case against Birlas is going to be reopened....

The hon. Minister may say that this does not come strictly within the gold control or excise, etc. But whether it is gold control or any other control, if it is a question of realisation of taxes, we must see that the taxes are realised properly; if that is done there need be no taxes on the poor.

So, my request is that the Minister should kindly let us know what has happened to those cases.

MR. DEPUTY-SPEAKER: Shri Phool Chand Verma—absent.

Shri T. S. Lakshmanan.

***SHRI T. S. LAKSHMANAN (Sripurumbudur):** On behalf of my party, the Dravida Munnetra Kazhagam, I rise to say a few words on the Bill seeking to amend the Customs Act, the Gold Control Act and the Central Excises and Salt Act.

[Shri T. S. Lakshmanan]

Sir, under Clause 3 of the Bill under discussion, the penalty in cases of over-invoiced imports when found out is being enhanced. I would like to point out here that, only after the import is done, the offence of over-invoicing can be found out. I may be permitted to say that the foreign traders are in league with the Indian traders in such malpractices like over-invoicing the imports. The foreign exchange, which should legitimately be in the hands of the Central Government, is deposited by the foreign traders in the foreign bank accounts of the Indian traders. Thus, the foreign exchange, which should serve public interests, is being utilised for personal purposes. According to the available statistics from the Government, it is estimated that every year foreign exchange to the tune of Rs. 200 crores goes down the drain in this manner.

The Customs Act is sought to be amended through this Bill to prevent this kind of economic offence. I am of the view that it is not enough if the Customs Act is amended for this purpose. The Government of India should seize the foreign bank accounts of the Indian traders and freeze them immediately. Secondly, the import licences of the traders who commit such economic offences should be repealed forthwith.

Here, I would like to refer to one relevant issue to prove to you how the Customs Act with all its penal provisions is being violated and how the Central Government are deprived of their legitimate share in the foreign exchange earnings. This example will also convince you how the valuable foreign exchange required for the economic development of the country is not made available to the Government of India.

The Government of India sanctioned Rs. 75,000 in foreign exchange to a Tamil Nadu Cinema Actor for shooting his picture in foreign countries. One of the conditions laid down by the Government was that, before the said picture was released in India, the cinema actor concerned must pay back to the Govern-

ment Rs. 3,00,000 in foreign exchange. The picture has already been released in India. But the Government of India have not yet been able to get back from the cinema actor the foreign exchange according to one of the conditions laid down before the required foreign exchange was sanctioned to him. The Government of India do not seem to have taken any step for realising the foreign exchange from him. The concerned gentleman is Shri M. G. Ramachandran who is deceiving the Central Government as well as the 4 crores of Tamil people and who calls himself the leader of the Anna Dravida Munnetra Kazhagam.

MR. DEPUTY-SPEAKER: It is not healthy to mention the name of any individual unless the case has been investigated.

SHRI T. S. LAKSHMANAN: I would like to know from the hon. Minister under what provisions of the law the foreign exchange due from him will be realised and under what provisions of the law he will be punished for violating the terms and conditions laid down by the Government. As if he is the paragon of all virtues, he is making all kinds of allegations against the Ministers of the Tamil Nadu Government.

Before I conclude, I would like to refer to Clause 16 of the Bill, which seeks to put a limit to the quantity of the gold that may be acquired by way of petty transactions in the course of a day. As you know, Sir, lakhs and lakhs of goldsmiths are on the streets. Though the Central Government assured to them at the time of enacting the Gold Control Act, that alternative avenues of employment would be found out for them, yet no action has so far been taken by the Government. Clause 16 of this Bill will further accentuate the problems of goldsmiths and petty gold-merchants who are also likely to be thrown out on the streets. I request the hon. Minister to explain the effect of Clause 16 of the Bill on these unfortunate people, when he replies to the debate.

With these words, I conclude.

PROF. MADHU DANDAVATE (Rajapur): I criticise this Bill, not for what it contains but for what it does not contain. The Akhil Bharatha Swarnakar Sangh has been agitating for radical modification of the Gold Control Act. It sent repeatedly deputations, memorandum, etc. and made concrete suggestions; their basic contention is that the Act is heavily weighted in favour of the rich gold dealers and it acts to the detriment of the small goldsmiths. That complaint has not been taken into account at all. I feel there is scope for redrafting the entire Bill in the light of the suggestions made through various memorandum, etc. submitted by almost all the political parties including the ruling party.

A deputation of that Sangh waited upon Shrimati Indira Gandhi who was then the President of the Congress. She said that the gold control order was a complicated order and Shri Morarji Desai was a very adamant person and would not be prepared to scrap it and she added that if she were put in his position, she would have scrapped the gold control order. Fortunately or unfortunately, she is the Prime Minister but even then she did not remember those utterances which she made in the presence of the members of the deputation as President of the Congress Party.

Clause 16 seeks to amend section 100 of the Act and it says that nothing in this section shall apply to the acceptance, purchase or other receipt by way of petty transactions in the course of a day of gold upto 100 grammes by a licensed dealer or refiner or certified goldsmith, as the case may be. In the light of this there are consequential changes in the other clauses also. I want a clarification whether this particular quantity of gold will be introduced in the other clauses also. I take it for granted that this is not the logical corollary of this particular amendment. That clarification is sought by the organisers who organised the movement of small goldsmiths.

Under section 114 of the principal Act, there are wide powers given to the Government. He must explain what would be the scope of those powers and whether those powers would be utilised to the

detriment of small goldsmiths. That must be clarified.

In clause 13, there is an effort to modify section 85, according to which not only gold dealers and refiners but even the small goldsmiths will be brought within the purview of this section. If you go into the details, it makes reference to a number of offences, punishment etc., and it is very necessary that whereas gold dealers and refiners should be kept within its purview, the small goldsmith must be allowed to remain out of its ambit. If the Minister gives a clarification and that goes on record, of course, one will have nothing to say about it.

There are a number of suggestions made by small goldsmiths and their organisations, which are completely missing from this Bill. The difficulty is, we can table amendments only to his amending Bill and not to the principal Act. Those of us who want to protect the interests of the small goldsmiths would like to make a number of amendments, but technically they may be considered outside the purview of the Bill. So, I would suggest to the Minister that at least three or four important points which have been made by representatives of opposition parties as well as of the ruling party through various memoranda should be incorporated. The quintessence of these suggestions is:

1. Extension of loan repayment period should be made from 5 to 10 years. And, the loan certificates should not be cancelled for non-repayment of the loan.

2. Loan given up to Rs. 1500 on personal bond should be treated as subsidy.

3. Certificate of goldsmith should be given freely to any applicant trained for a minimum period of one year by any certified goldsmith without any further restrictions.

4. All certified goldsmiths should be allowed to purchase old ornaments or gold from the customers and gold dealers to the extent of 200 grammes at a time and to stock ornaments not exceeding 500 grammes at a time.

[Prof Madhu Dandavate]

These were the suggestions made with a full sense of responsibility. Sometime back in front of Parliament House, there was a big demonstration. The demonstrators were addressed by representatives of the ruling party, Jan Sang, CPI, Swatantra, Socialist Party etc., and all of them had evolved a consensus that these minimum demands will have to be satisfied. But we find no reflection of these demands in this Bill. Therefore, since these amendments cannot be brought to this amending Bill, it is better they withdraw the Bill, consider the memoranda and these demands, try to understand the consensus evolved at the meeting of all the political parties including the ruling party and on the basis of that, they should reformulate the Bill and only the reformulated Bill should be brought before this House. Otherwise, I must say that this Bill in this present form and shape will never be able to protect the interests of the small goldsmiths. This Bill is more heavily in favour of the big dealers and refiners and the interests of the small goldsmiths will be completely destroyed. Therefore, in its present form and shape, I totally oppose it. I hope wiser counsel will prevail on the treasury benches and they will withdraw this Bill and in the light of the suggestions made by their own colleagues and members of the various organisations, redraft the Bill and bring the redrafted Bill before this House.

15 hrs.

DISCUSSION RE: RECRUITMENT OF MINORITIES FOR JOBS ON THE RAILWAYS

SHRI SAMAR GUHA (Contai): Sir, we have got this opportunity to raise a very vital problem not only for emotional integration of the country but also to uphold the socialist principles of giving equal opportunity, equal privilege and equal benefit to all communities, to all people of our country, so that there will be a classless and casteless society built up in our country. Therefore, the issue of the recruitment of the minorities and the backward communities to different

services both at the Centre and the States cannot be delinked from this basic attitude to the problems of casteism and communalism.

Communalism and casteism had been the two plague spots in the body politics of our country which are eating into the very vitals of our nation. Although these are increasingly getting cosoiete ideas, they are still lingering in our society and creating a great hurdle for the progress of our society.

It is no doubt a fact that today the casteists can play their role only behind the curtain; they do not come out in the broad day light in support of casteism. Similarly, although we had a rude shock of the partition of our country on the basis of communalism, yet, communalism cannot be justified from the national platforms although, unfortunately, taking advantage of the certain liberties that have been assured by our Constitution to the different communities, some communal parties are still trying to harp on communal politics and trying to divide the national will and discriminate the national will on the basis of communal appeal and even communal hatred.

Although the Constitution provides that opportunity should be given to all communities, although there is no provision for the abolition of casteism, there are certain procedures which have been suggested so that communalism as well as casteism may be abolished from our country. If there is any challenge before the socialist of our country, I should say it is really the struggle against caste or our struggle against communalism. These are the two main hurdles that we have to cross if we really want to achieve the objective of socialism.

Although all the political parties profess by the policy of abolition of caste and communalism, unfortunately, in real practice, all political parties or almost all the political parties are equally sinners in the sense that almost all the political parties are trying to harp upon casteism, take advantage of communal sentiments