

EEC countries to boost our exports from this country, and I am happy to tell the House that recently we have signed an agreement whereby our exports of Jute and coir are allowed by the EEC countries without any restriction whatsoever.

MR. CHAIRMAN : Question Hour is over.

## WRITTEN ANSWERS TO QUESTIONS

### Export of engineering goods

\*576. SHRI SWAMI DINESH CHANDRA :

SHRIMATI AMARJIT

KAUR :

SHRI NRIPATI RANJAN

CHOUDHURY :

SHRIMATI LEELA

DAMODARA MENON :

SHRIMATI AMBIKA SONI :

Will the Minister of COMMERCE AND CIVIL SUPPLIES AND CO-OPERATION be pleased to state :

(a) whether it is a fact that the export of engineering products is likely to be less during the current year than the target fixed; and

(b) if so, what steps Government have taken to reach the target ?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE, CIVIL SUPPLIES AND COOPERATION (SHRI ARIF BEG) : (a) and (b) No, Sir. Judged from the tentative figures of exports during the period April-October, 1977 at Rs. 333.68 crores, as compared to the exports during the corresponding period of last year at Rs. 279.38 crores, it is anticipated that the export target fixed for engineering products for the current year will be achieved. The performance of engineering goods exports, compared to the target, is under close watch in consultation with the Engineering Export Promotion Council.

### Show cause Notices against M/s Shaw Wallace and Company Limited

†\*577. SHRI S. KUMARAN :  
SHRI KALYAN ROY :

Will the Minister of FINANCE be pleased to refer to the answers to Starred Question 154 given in the Rajya Sabha on the 21st November, 1977 and state :

(a) the details of the four show cause notices for violation of the provisions of the Foreign Exchange Regulation Act issued to M/s Shaw Wallace and Company Limited ;

(b) the names of the Directors involved in the cases ;

(c) the details of the case which has so far been adjudicated and in which penalty amounting to Rs. 6,000/- has been imposed, including the names of the Directors who were held guilty ;

(d) the details of the charges in respect of the two show cause notices which have been dropped and the reasons for which these have been dropped ;

(e) the details of the show cause notice involving the Company and its 8 Directors which is still in progress ; and

(f) the reasons for the delay in finalisation of the show cause notice referred to in part (e) above and by when it is likely to be finalised ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATISH AGARWAL) : (a) to (f) A statement is laid on the Table of the House.

### Statement

Acting on certain information the premises of M/s Shaw Wallace & Co. Ltd., Calcutta, as also the residential premises of its three Directors were searched between 18-11-72 to 8-12-72 by the Directorate of Enforcement. As a result of these searches, a large number of documents were seized. Based on the scrutiny of the documents

†Previously Starred Question 419 transferred from the 5th December, 1977.

seized and investigations made, four show cause notices to M/s Shaw Wallace & Co. Ltd., Calcutta and its Directors were issued by the Enforcement Directorate. Of these, three show cause notices were issued to the Company and its 18 Directors (List of 18 Directors enclosed

vide Annexure 'A') and the fourth show cause notice was issued to the company and its Director Shri G. Crasemann for violation of the provisions of Foreign Exchange Regulation Act, 1947. Details of the four show cause notices are as follows :—

*Show Cause Notice No. 1.*

Name of the parties involved . . . M/s. Shaw Wallace & Co. and its 18 Directors.

Alleged contraventions . . . Acquisition of Foreign Exchange amounting to £284.16.3d in the shape of forwarding charges @ 2sh. 6d. per case on 227½ cases of whiskies imported into India from London, during the years 1965 to 1972 and failure to surrender the said foreign exchange. This involves contravention of Section 4(1) and 9 of the FERA 1947.

Date of issue of show cause notice . . . 9-11-73.

Result of the adjudication proceedings . . . The parties have been acquitted of the charges vide adjudication order passed on 20-7-77 as the company was able to produce evidence of receipt of remittances of foreign exchange into India.

*Show Cause Notice No. 2.*

Name of the parties involved . . . M/s. Shaw Wallace & Co. and its 18 Directors.

Alleged contravention . . . For making payments totalling Rs. 27,317.69 by order or on behalf of persons resident outside India. This involves contravention under Section 5(1)(c) of FERA, 1947.

Date of issue of show cause notice . . . 9-11-1973.

Result of the adjudication proceedings . . . A penalty of Rs. 6 000/- was imposed on the Company vide adjudication order dated 15-9-77. No separate penalty was imposed on the Directors as there was no direct involvement on their part.

*Show Cause Notice No. 3.*

Name of the parties involved . . . M/s Shaw Wallace & Co. and its 18 Directors.

Alleged contravention . . . For conceding an amount of £1,12,000 to M/s Shaw Scott & Co. and M/s R. G. Shaw and Co. Ltd., London out of the commission due to them on consignments of steatite exported to London parties during the period from April 1965 to Sept. 1972 on account of which the said amount of foreign exchange ceased to be

receivable by them. This involves contravention of Section 10(1) of the FERA, 1947.

Date of issue of show cause notice : . . . 23-11-1973.

Result of the adjudication proceedings : . . . Case is pending adjudication. Efforts are being made to complete the adjudication proceedings as early as possible.

*Show Cause Notice No. 4*

Name of the parties involved : . . . M/s Shaw Wallace & Co. and its Director Shri G. Crasemann.

Alleged contraventions : . . . For making payment of DM 6375/- to M/s R.G. Shaw & Co. London out of the commission earned by them from a West German party. The charges were under Section 5(1)(d), 5(1)(e) and 10(1)(b) of the FERA, 1947.

Date of issue of show cause notice : . . . 31-12-75.

Result of the adjudication proceedings : . . . Charges against the parties were dropped *vide* adjudication order dated 23-12-76 as the same could not be sustained.

It may be stated in this connection that adjudication proceedings under the Foreign Exchange Regulation Act are quasi-judicial in nature and take time. Unless charges framed against the parties are conclusively proved, no penalty can be imposed.

**Annexure 'A'**

**NAMES OF THE 18 DIRECTORS  
OF THE SHAW WALLACE AND  
COMPANY**

1. Mr. Stanley Mackay Smith.
2. Mr. Thomas Cyril Hornby.
3. Shri Hanuman Prosad Poddar.
4. Mr. C.M.A. Bathurst.
5. Mr. J. L. Capper.
6. Mr. C.I.M. Arnold.
7. Shri Satyendra Nath Chaudhuri.
8. Sardar Ajaib Singh.
9. Shri Badri Prosad Poddar.
10. Mr. Lovel Cerard Smeathman.
11. Mr. J.E. Waterfield.
12. Shri Prosad Sen Gupta.
13. Mr. D.A. Houghton.
14. Mr. A.W.B. Hayward.
15. Shri Arun Chakraborty.
16. Shri S. P. Acharya.
17. Shri Santanu Chaudhuri.
18. Mr. D.A.W. Hal.

**Statement Reported to have been  
made by the Union Minister of State  
for Finance regarding disposal of  
Goods seized by customs authorities**

- \*578. SHRIMATI HAMIDA  
HABIBULLAH ;  
SHRIMATI LAKSHMI  
KUMARI CHUNDAWAT ;  
SHRI SAWAISINGH SISODIA ;  
SHRI PRAKASH  
MEHROTRA ;  
SHRI GURUDEV GUPTA ;

Will the Minister of FINANCE be pleased to state :

(a) whether Government's attention has been drawn to a news item which appeared in the Times of India of the 26th August, 1977 to the effect that the Union Minister of State in the Ministry of Finance, while addressing a meeting of the Preventive Collectors from different parts of the country at the Bombay Customs House, is reported to have observed that all the goods seized by the Customs authorities should be thrown into the sea;

(b) if so, what are the details in this regard ; and

(c) what follow-up action Government have taken in the matter ?