

RAJYA SABHA

Tuesday, the 29th November, 1977/ the
8th Aghraayana, 1899 (Saka)

The House met at eleven of the clock,

Mr. Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

Foreign bank accounts of Indian nationals

*271. SHRI JAGDISH JOSHI :f
SHRI VEERENDRA PATIL;
SHRI NABIN CHANDRA
BURAGOHAİN:

Will the Minister of FINANCE be pleased to state:

(a) what is the number of the Indian nationals who have declared their foreign bank accounts to the Reserve Bank of India during the last three years;

(b) whether Government are aware of the names of Indian nationals who are maintaining accounts in banks in foreign countries without informing the appropriate authorities and the period for which they have been keeping these accounts: if so, what are the details in this regard:

(c) whether Government have taken any action against them; if so, what are the details thereof; and

(d) if the answer to part (c) above be in the negative, what are the reasons therefor?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) As per information available, 684 Indian nationals have declared their foreign bank accounts to the Reserve Bank of India during the last three years.

(b) Government is aware of names of some of the Indian nationals who are maintaining accounts in banks in

tThe question was actually asked on the floor of the House by Shri Jagdish Joshi.

foreign countries without the permis-sion of the Reserve Bank of India, which is the appropriate authority. In some cases, the period for which these accounts have been maintained abroad is also known. However, it will not be in public interest to divulge these details.

(c) Appropriate action as required under the provisions of the Foreign Exchange Regulation Act, 1973 is taken in all such cases.

(d) Does not arise.

श्री जगदीश जोशी : श्रीमन्, क्या माननीय मंत्री महोदय यह बतलाने की कृपा करेंगे कि जिन लोगों ने बैंक एकाउंट को डिक्लेयर किया है विदेशों में और जिन्होंने डिक्लेयर नहीं किया है उन दोनों की विदेशों में कुल जमा राशि अलग अलग कितने-रुपये में होगी। इसके साथ साथ इनमें किन किन प्रकार के लोग हैं, कितने उद्योगपति, कितने राजपुरुष और कितने सरकारी अधिकारी हैं, इन तीनों का कटेगरीवाइज उल्लेख देने की कृपा करें।

SHRI H. M. PATEL: Sir, it should have been asked but this has not been asked. The question that was put was only, what is the number of India a nationals who have declared... etc.?

श्री जगदीश जोशी : मैं जो चाहता था कि कितनी रकम है तो उसमें आपने संख्या दे दी।

SHRI H. M. PATEL: I am sorry, I am not expected to give details of this nature.

SHRI JAGDISH JOSHI: How much is the amount, declared or undeclared?

MR. CHAIRMAN: Is it possible to give the amount?

SHRI H. M. PATEL: I cannot give the amount because that was also no* asked. The point really was about

the Indian nationals who have their accounts in foreign countries, whose number I have mentioned as 684. These are all with the approval of the Reserve Bank. Therefore, the amounts, etc., are known, and whatever modifications take place, in the amounts, they continually report them to the Reserve Bank. If you want the total, I shall be able to ascertain and give it to you. But it does not seem that that arises from this question.

श्री जगदीश जोशी : श्रीमन्, क्या माननीय मंत्री महोदय को इस बात की जानकारी है कि इस देश की आजादी से लेकर आज तक जितना आयात और निर्यात हुआ उसमें स्वभावजन्य तौर पर उद्योगपतियों ने 10 प्रतिशत आयात में और 10 प्रतिशत निर्यात में ओवर एण्ड अण्डर इन्वाइस करके रुपया बाहर विदेशों में जमा किया, क्या इसका कोई लेखा वित्त मंत्रालय ने तैयार किया है और क्या इसके आधार पर किसी सक्षम एजेंसी का माध्यम उन्होंने गठित किया है जो इस बात की खोज कर सके कि दरअसल कितनी बड़ी धनराशि, कहा तो यह जाता है 3 हजार या 4 हजार बाहर जमा है, इस देश के लोगों का, बाहर जमा होगी। क्या इसकी जांच के लिये कोई व्यवहारिक और कार्यतत्पर कार्यसक्षम, कुशल व्यवस्था करने की एजेंसी गठित करने की बात वित्त मंत्रालय के दिमाग में है ताकि इस चीज को रोका जा सके या इसकी जानकारी की जा सके ?

SHRI H. M. PATEL: I am afraid, the hon. Member is asking us to do some-thing which is not practicable.

SHRI JAGDISH JOSHI: Why?

SHRI H. M. PATEL: Let me go on. I will endeavour to answer it. He says that in underinvoicing and overinvoicing there is 10 per cent. Now, I do not know his source of information. Certainly it is being said that the practice of underinvoicing and overinvoicing is taking place and this is one

way of obtaining funds abroad and retaining funds abroad. But beyond that, we do not know the exact thing and what we, therefore, try to do is to see that these practices are prevented from occurring. And in regard to that, as you know, for instance, the Wanchoo Commission had been appointed; it also went into these things. We continue all the time our efforts to locate such things and this is where the Enforcement Directorate comes in. Sometimes people are found, but to get any reliable information is almost impossible.

SHRI JAGDISH JOSHI: What I wanted to know is whether you are making the machinery more efficient on the pattern of the different countries abroad. Have you got something in your mind to make the machinery, which is to find out the deposits outside the country, more efficient and appropriate?

SHRI H. M. PATEL: Yes.

MR. CHAIRMAN: He has already said that whatever action can be taken according to law, he will take. What more can he say?

श्री प्रेम मनोहर : मैं वित्त मंत्री जी से पूछना चाहूंगा कि जो भारतीय 10 साल या 15 साल या इससे अधिक समय से दूसरे देशों में रह रहे हैं और यहां अपना फोरन एक्सचेन्ज जमा करवाना चाहते हैं, रिजर्व बैंक उसमें बहुत अड़ंगे खड़ा करता है, इस वास्ते वह रुपया यहां जमा न होकर दूसरे देशों में बराबर जमा होता चला जा रहा है। इस तरह से कीनिया, तांज़ानिया, यूगेण्डा और जापान के लोग भी शिकायत करते हैं कि जब भी हम भारत में रुपया जमा कराना चाहते हैं तो हम से सैकड़ों प्रकार के प्रश्न पूछे जाते हैं। तो क्या वित्त मंत्री जी इस प्रकार की व्यवस्था करेंगे कि जो विदेशों में भारतीय फारेन एक्सचेन्ज अपने देश में जमा कराना चाहेंगे वे बिना किसी अड़ंगे के अपने देश में रुपया जमा कर सकें ?

SHRI H. M. PATEL: The hon. Member's information is not up-to-date. For some time now, the Reserve Bank has given very many facilities to encourage the Indians residing abroad, the non-residents, to remit funds to this country. And, in fact....

SHRI PREM MANOHAR: That is not my question.

SHRI H. M. PATEL: This is the question, I thought, you asked, that is, what steps are taken to encourage these people. So I am saying that whatever may have been the policy earlier, the policy now is to see that the Indians residing abroad are encouraged to send funds here, and incentives are provided. And this is one of the reasons why we see now the foreign exchange balance to be so satisfactory.

SHRI SAWAISINGH SISODIA: As far as the Indian nationals who are maintaining accounts in banks in foreign countries and who have made declarations in this respect are concerned, I would like to know from the hon. Minister whether these amounts have been assessed for the purpose of income-tax.

SHRI H. M. PATEL: I am afraid this again is a question which does not arise from the question that has been put to me. But certainly those Indian nationals who have declared their accounts abroad are being taxed regularly here.

SHRI SAWAISINGH SISODIA: My question is whether these amounts have been included for the purpose of income-tax.

SHRI H. M. PATEL: Since these accounts have been declared, it must be presumed that they would be taken into account.

SHRI KALYAN ROY: Sir, the Minister has rightly stated that investigation relating to foreign exchange illegally kept is under the Director of En-

forcement under the FERA. Is he aware that sometime back, the Deputy Director of Enforcement through the Director of Enforcement submitted a report—I have got the report—on the investigation into Birla A. G. Zug?

MR. CHAIRMAN: This is not relevant.

SHRI KALYAN ROY: It arises out of the question. He said it is under the Director of Enforcement. I am asking whether it is a fact that the Director of Enforcement has submitted a report in which it is stated that Birlas have accumulated 100 million dollars in banks abroad and that a firm named Birla A. G. Zug was incorporated in Switzerland under the Swiss law on 10th August, 1962, with a paid-up capital of 600,000 Swiss francs divided into 6,000 shares. These 6000 shares were given to Messrs. Jiyajee Rao Cotton Mills Limited. If so, what steps have been taken by the previous Government, because actually it relates to the previous Government? A hundred million dollars'.

SHRI H. M. PATEL: I do not know the date of this report. If he gives me further details, I will have it inquired into.

MR. CHAIRMAN: You said it is strictly not relevant.

SHRI HARSH DEO MALAVIYA: Is it a fact that certain Indian nationals living in London and in Great Britain are seeking to purchase Sterling tea companies, and, if so, can the honourable Minister inform us wherefrom they get the foreign exchange? The Indians living in London are buying up Sterling tea companies. Where do they get the foreign exchange from? Can you please enlighten us?

SHRI H. M. PATEL: I cannot throw any light on that because this is in respect of persons living in England who are, according to the honourable Member's information, attempting to buy up the companies, etc. I can only

tell him that those who want to buy tea companies, those who are Indian residents, they do have to take permission. In one or two cases they have sought such permission.

Investigation into the affairs of M/s. Shaw Wallace and Co.

*272. SHRI BIR CHANDRA DEB
BURMAN:

SHRI KALYAN ROY:f

Will the Minister of FINANCE be pleased to refer to the answer to Unstarred Question 413 given in the Rajya Sabha on the 2nd August, 1977 and state:

(a) whether the investigation into the violation of the Foreign Exchange Regulation Act by Mr. A. W. Hayward, Chairman of the Shaw Wallace and Company has since been completed;

(b) if so, what is the result thereof;

(c) if the answer to part (a) above be in the negative, what are the reasons for the delay in completing the investigation;

(d) whether the investigation into the repatriation of £ 8,50,000 by the Company has been fully investigated; if so, what is the result thereof; and

(e) what action, if any, has been taken by Government against Mr. Hayward and M/s Shaw Wallace and Company?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATISH AGARWAL): (a) to (e): Acting, on certain information the premises of M/s. Shaw Wallace & Co Ltd., Calcutta and other connected premises were searched by the Directorate of Enforcement in November/

[The question was actually asked on the floor of the House by Shri Kalyan Roy.

December, 1972 and some documents were seized. On the basis of subsequent enquiries made, three show cause notices were issued by the Directorate of Enforcement to the company and its 18 directors including Shri A. W. B. Hayward and a 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. In one case a penalty of Rs. 6000 has been imposed on the company and in other two cases the charges have been dropped. The fourth case is pending adjudication.

Scrutiny of the seized documents also indicated that M/s. Shaw Wallace & Co., Ltd., sold 1,22,869 shares of 1£ each held by them in M/s. R. G. Shaw

& Co., London with the permission of Reserve Bank of India for £6,61,062 including commission in 1971.

After the sale, the price of the shares of R. G. Shaw & Co. went up in London Market. Subsequently in May, 1977 the company has repatriated £8,50,000 by settlement from the purchasers of the shares. The matter is under examination whether state-ments made by the Company to Reserve Bank of India in their application for permission, was in order, and whether there is any case for action against the Company and the Directors.

SHRI KALYAN ROY: Sir, this Mr. Hayward, Chairman of the Shaw Wallace & Company, is one of the biggest financial manipulators of the Country. He has been carrying on these activities since 1960. His houses were searched. Shaw Wallace premises were searched and all the documents were found and a report was submitted to the Government of India in 1972 under the heading, "Inquiries into sale of shares in Messrs. R. G. Shaw & Co. by Messrs. Shaw Wallace & Co. Ltd. Calcutta, to the then director, Mr. A. K. Ghosh". The report was based on scrutiny of documents seized in the search. At