

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

that time unfortunately Mr. Hayward got total support from some influential Ministers in the Cabinet and no action was taken. My question is why the Government—I am not accusing this Government—or why the Enforcement Directorate is so far sitting tight in spite of the report of the Deputy Director of Enforcement that action should be taken under Section 22 of the Foreign Exchange Regulation Act and why a complaint has not been registered with the CBI under Section 424 or Section 468 of the Indian Penal Code. These things are continuing since 1972.

SHRI SATISH AGARWAL: So far as action under Section 22 is concerned, we had referred the matter to the West Bengal Government, and they had sanctioned the prosecution. But unfortunately the language written in the sanction order was faulty. So we referred the matter back to them. Now we referred the matter to the Law Ministry on 30th August, 1977, re-minder has been issued on 22nd September, 1977, and another on 21st November, 1977. The moment clearance is given, please rest assured prosecution will be launched.

SHRI KALYAN ROY: Is he aware that Shri Hayward's passport was not impounded and because of the fresh investigation he is trying to escape from the country? I have put another question on this today. Is he aware that some documents have been found out one of which says that Shri A. W. Hayward, Chairman, Shaw Wallace and Company, was prepared to hand over \$30,000 in order to take over the company? All these documents were seized from the pocket of one She Kalyan Basu who was trying to escape from Calcutta. Why is it that his passport is not impounded and why is he not removed from the chairmanship of the company when he is carrying on such disgusting, shady affairs?

SHRI SATISH AGARWAL: So far as Shri Hayward's chairmanship is concerned, it is not my business. But so

far as impounding of his passport is concerned, I will examine the matter.

SHRI KALYAN ROY: What about \$30,000? That document was found and it says that Shri Hayward was trying to give \$30,000/- in order to take over the company. That is a part of the whole deal. This is in Q. No. 598 in the other list ...

MR. CHAIRMAN: That is all right You have passed on that information.

SHRI SATISH AGARWAL: Any further statement will adversely affect the prosecution and it may not be in the public interest. However, I will look into the matter.

SHRI KALYAN ROY: Was it found out or not? Was he prepared to hand over \$30,000/-? Was it found or not?

SHRI SATISH AGARWAL: That information is not presently with me.

Foreign tourist traffic

*273. SHRI BRAHMANANDA PANDA:!

SHRI KOTA PUNNAIAH:

SHRI NARASIMHA REDDY:

SHRI G. LAKSHMANAN;

SHRI HAMID ALI
SCHAMNAD;

Will the Minister of TOURISM AND CIVIL, AVIATION be pleased to state the number of tourists who visited India during the period from April to September, 1977 as compared to their number during the corresponding period of the preceding year?

j-The question was actually asked on the floor of the House by Shri Brahma-nand Panda.