

malpractices in the external trade such as under-invoicing. . .

SHRI BABUBHAI M. CHINAI : Why not nationalise it ?

SHRI BHUPESH GUPTA : What is wrong with that ? Is it wrong to utter that word ? Why is not the Government taking over the export trade of tea ? Why should it not be fully nationalised so that we can explore other markets apart from Britain ?

SHRI A. C. GEORGE : I agree with the first part of the question, namely, tea represents more than 10 per cent of our total export earning. Since tea is a very delicate field, we have no proposal to nationalise it.

SHRI BHUPESH GUPTA : I take it that my friend, Shri Babubhai Chinai, is satisfied with the reply.

SHRI BABUBHAI M. CHINAI : I am very happy.

ECONOMIC OFFENCES

*152. **SHRI KALYAN ROY :** †
DR. Z. A. AHMAD :

Will the Minister of FINANCE be pleased to state :

(a) whether Government propose to amend relevant Acts to deal with economic offences more severely, and

(b) if so, what are the Acts proposed to be amended and when ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH) : (a) and (b) The recommendations of the Direct Taxes Enquiry Committee and of the Law Commission for amendment of the relevant Acts to deal with economic offences more severely are under consideration. Legislation to amend the Customs Act, 1962, the Gold (Control) Act, 1968, the Central Excises & Salt Act, 1944 and the laws relating to Direct Taxes will be introduced shortly.

SHRI KALYAN ROY : Is it not a fact that the Law Commission made a very

categorical recommendation that if preventive detention were ever justified, it should be used to prevent some of the economic offences against the Regulation of Foreign Exchange and Customs Rules ? In view of the fact that Rs 100 crores are being misappropriated because of violation of foreign exchange regulations, how long will the Government take to implement the recommendations of the Law Commission and bring forward a measure to deal with economic crimes under the Cr. P. C. ?

SHRI K. R. GANESH : As I indicated in my reply, the recommendations of the Law Commission are under the consideration of the Government. There is already a Bill before the House, namely, the Foreign Exchange Regulation Bill which embodies many of the major recommendations of the Law Commission. It is now before the Select Committee. The other Bills such as the Gold Control Amendment Bill, the Customs Amendment Bill, and the Central Excises & Salt Amendment Bill are in the final stages of preparation.

SHRI KALYAN ROY : My question was how long will it take for the Government to consider the suggestions of the Law Commission ?

SHRI K. R. GANESH : It is very difficult to indicate the time. The one Bill which is before the House embodies some of the recommendations and the other three Bills are in the final stage of preparation. The Law Commission's recommendations relate to about 16 enactments out of which seven are concerning the Finance Ministry. There are other Ministries such as the Home Ministry and External Affairs Ministry which are concerned with other recommendations. They are at the consideration stage.

SHRI KALYAN ROY : Is it not a fact that there is violation of the Foreign Exchange Regulation Act by the Hindustan Motors to the extent of one million pounds ? Is it not a fact that the inquiry is hushed up and the special cell of Direct Taxes which was set up is headed by Shri Rana who is a man of Birlas ?

SHRI Y. B. CHAVAN : I think that only recently I have sent reply to the hon.

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

Member about this matter. Really speaking here was no grievance about Mr. Rana as a person. There is nothing wrong about him. Even then, since there is some doubt about the functioning of the cell, we have decided to post him somewhere else.

SHRI BHUPESH GUPTA : You have done a good thing.

SHRI M. ANANDAM : In view of the fact that these economic offences are varied and embrace a number of States, will the hon. Minister consider to have one uniform Economic Offences Act to cover all the States so that there can be dealt with in a uniform manner? That will also make all the fiscal enactments very simple by eliminating all the penal provisions if we have one Economic Offences Act to cover all the fiscal enactments.

MR. CHAIRMAN : That is a suggestion.

SHRI K. R. GANESH : It is a suggestion which the hon. Member has made and it will naturally be considered by the Government. But, at the moment, the Government is amending the various Acts. Sir, there is a Direct Taxes Act which deals with Economic Offences dealing with direct taxes. Then there is the Customs Act, Central Excise Act, and Gold Control Act. I do not know how far it will be possible to coordinate all these Acts and have one Act dealing with economic offences.

SHRI A. G. KULKARNI : May I know Sir, whether the Government is aware that one of the modes of foreign exchange leakage is the transfer of shares of the foreign-owned companies to the Indian hands? In this respect, may I know whether the Government is aware that recently an offer has been made by one of the firms from the U. K. as well as Switzerland to purchase the shares of Shah Wallace & Co. where clandestine transfers of funds are reported and their representative, Mr. Basu, has been arrested in Calcutta very recently only a day or two ago? Is the Government aware of this fact and whether the Government will take steps so that transfer of shares of Shah Wallace & Co. is done under strict supervision and foreign exchange is not leaked?

SHRI K. R. GANESH : This particular question raised by the hon. Member is being taken care of by the Foreign Exchange Regulation Bill which is now before the Select Committee. Sir, it is correct that Shri Basu was arrested by the Enforcement and Revenue Intelligence Agency in Calcutta and a very thorough enquiry is being made into his dealings.

SHRI BHUPESH GUPTA : It could be brought to the notice of the Government much earlier.

DR. BHAI MAHAVIR : While no one would object to any steps being taken to make the penal clauses relating to economic offences severer, I would like to know if the Government realises or not that much of the chaos in the economic world and in our economic life today is not due to the laws being soft but because of poor and ineffective implementation. In this context, would the Government be able to tell us whether it was not such a laxity in implementation which was responsible for the recent rag scandal? Also, in the case of an earlier instance where a person known as Sultan who is described as the king of smugglers, he was not only let off, but the officer who had caught him, was transferred because of the hold that that person has at our decision making levels.

SHRI K. R. GANESH : Wherever implementation has been slack, it is the determination of the Government to make it more vigorous. As far as the second part is concerned, it is also a fact that there were certain loopholes and lacunae in the law which a high-powered body of the Law Commission has taken up.

DR. BHAI MAHAVIR : Sir, it is not an answer to my question. I mentioned a person. He has a great fame, if you can call it fame, in the smuggling world. He was caught and the Assistant Commissioner of Customs, if I am not wrong, was transferred rather than any action being allowed to be taken against that man. I would like to confirm if that instance is in the knowledge of the Minister.

SHRI K. R. GANESH : It is very difficult for me to keep track of all the Sultans that are there. If the hon. Member

puts me a specific question, I would give a specific answer.

* 153. [*The Questioner (Shri K. B. Chettri) was absent. For answer, vide col. 52 infra.*]

NON-TRADITIONAL ITEMS OF EXPORT

*154. SHRI KRISHAN KANT :
SHRI CHANDRA SHEKHAR :
SHRI BRAHMANANDA PANDA :
SHRI J.S. TILAK
SHRI GURMUKH SINGH MU-
SAFIR :
SHRI V. B. RAJU :

Will the Minister of FOREIGN TRADE be pleased to state :

(a) What are the non-traditional items of export; and

(b) Whether any traditional items have been shifted to the non-traditional category, if so, the details thereof and the reasons for such shift ?

THE MINISTER OF FOREIGN TRADE (SHRI L. N. MISHRA) : (a) and (b) A statement is laid on the Table of the House.

STATEMENT

There is no standard list of non-traditional items of export. However, for the specific purpose of granting recognition certificates and for issuing eligibility certificates to export Houses, a list of non-traditional export items had been drawn up by an Inter-Ministerial Classification Committee. A copy of the list is enclosed.

2. Only two items have been shifted to non-traditional list in 1972 as per the decision of the Inter-Ministerial Classification Committee. These items are : (i) artware of metals; and (ii) Diamonds cut & polished. The Committee included these two items in the non-traditional list for encouraging their exports in the context of their export potential, changing nature of fashions and tastes in world markets

†The question was actually asked on the floor of the House by Shri Krishan Kant.

necessitating alteration and sophistication of designs.

Non-traditional Items of Export

1. Processed foods, fruits, vegetables and alcoholic and soft beverages
2. Meat and allied products
3. Animal casings
4. Canned and frozen fish
5. Calcined and processed ores and minerals
6. Woollen and mixed fabrics, garments and knitwear
7. Machine-made carpets
8. Finished leather and leather manufactures including footwear
9. Engineering goods
10. Ferro-manganese and other ferro-alloys
11. Chemical and allied products namely :
 - (a) Inorganic chemicals, organic chemicals and miscellaneous chemicals;
 - (b) Drugs and drug intermediates;
 - (c) Dyes and dye intermediates;
 - (d) Toiletries and perfumeries;
 - (e) Paints and allied products;
 - (f) Safety matches, firework and explosives;
 - (g) Ceramic products;
 - (h) Glass and glassware;
 - (i) Asbestos and cement products (excluding cement and clinker);
 - (j) Wood products and processed wood;
 - (k) Rubber manufactures;
 - (l) Paper, paper products, and stationery;