

RAJYA SABHA

Monday, the 29th November, 1971/the
8th Agraavana 1893 (Saka)

The House met at eleven of the clock,
MR. CHAIRMAN in the Chair

ORAL ANSWERS TO QUESTIONS

MISUSE OF IMPORTANT LICENCES

298 SHRI B. S. SAVNEKAR :
SHRI S. B. BOBDEY .
SHRI VITHAL GADGIL :
SHRIMATI VIMAL PUNJAB
DESHMUKH
SHRI V. T. NAGPURF
SHRI A. G. KULKARNI †

Will the Minister of FOREIGN TRADE/
विदेश व्यापार मंत्री be pleased to state :

(a) whether the attention of Government has been drawn to the news item published in the Economic Times on the 4th August, 1971 to the effect that import Licences worth Rs. 5 crores have been misused by various Government Departments; and

(b) if so, the details thereof and the steps taken or proposed to be taken by Government to prevent misuse of import Licences ?

THE MINISTER OF FOREIGN TRADE/
विदेश व्यापार मंत्री (SHRI L. N. MISHRA) :

(a) and (b) Yes, Sir. Since the report published in the Economic Times on the 4th August, 1971 appears to be a part of the review of the CBI activities during the year 1970, the details thereof are being collected from that Department and will be placed on the Table of the House.

So far as the Import Trade Control organisation is concerned, all possible steps to prevent misuse of import licences, are taken by keeping the import trade control regulations under constant review. Various Directors of Industries and other sponsoring authorities keep watch on the utilisation of the material imported under Licences.

†The question was actually asked on the floor of the House by Shri A. G. Kulkarni

SHRI A. G. KULKARNI May I know from the Government--these types of things we are having for the last twenty five years--whether they can assure the House that whenever a firm or an individual is found having misused a Licence, he will be blacklisted forth with ? I have also written to the Foreign Trade Ministry about various organisations and they have still failed to blacklist the firms or the entrepreneurs and thereby prevent the wholesale blackmarketing. Will the Government assure the House that a firm decision would be taken by them to blacklist such people of firms who have been found misusing the Licences ?

SHRI M. K. MOHTA Sir, it is about Government Department not about private people

SHRI A. G. KULKARNI Sir, my question was not only that I have clubbed that with another question. My question.

AN HON MEMBER How can you do it ?

MR CHAIRMAN No, no

SHRI A. G. KULKARNI Misuse by Government Departments as reported in the Economic Times. This is the report which says that Rs 5 crores have been misused . . .

SHRI ARJUN ARORA The Economic Times is not the Bible.

MR CHAIRMAN : Please confine the question to that.

SHRI A. D. MANI : On a point of order Sir, it is about Government Departments. I am prepared to accept it But how can you accept 'blacklisting' ?

SHRI A. G. KULKARNI Will you allow me, Sir ?

AN HON MEMBER Why are you anti-Government ?

SHRI A. D. MANI Sir, his question is about black-listing firms.

MR. CHAIRMAN I think your question is covered by (b).

SHRI L. N. MISHRA Sir, as stated earlier also in this House, we have got the machinery to check the misuse of Licence. The situation

is not that bad as is being projected. Last year we had issued Rs. 1,37,000 licences and out of these the defaulters were about 221 less than 0.02 percent. But we take action, first we debar them and put them under abeyance for a period of three years. If the charges are serious we take serious action against them and if the charges are more serious we hand them over to the CBI for criminal prosecution.

This we have been studying and the result so far has not been bad. Again I will say the misuse of the Licences by the actual users is not that much as is being projected. Secondly, most of these defaulters are from the small scale sector . . .

SHRI A. G. KULKARNI : I protest, Sir, against the observation made by the Minister that most of these misusers have come from the small scale sector . . .

MR. CHAIRMAN : Kindly put your question.

SHRI A. G. KULKARNI . . . I may be individuals. Then taking for granted that there are some, they should be punished . . .

MR. CHAIRMAN : Kindly put your question.

SHRI A. G. KULKARNI : . . . I do not say that they should not be punished. My second question is whether the Government is aware that the big firms, particularly about which the Hazare Report has made disclosures that misuse of Licences has taken place, have been blacklisted and whether the Licences to these firms have been revoked.

SHRI L. N. MISHRA : No exemption has been made. No Leniency has been shown whether it is the private sector, the small scale sector or the large scale sector wherever offence has been committed. Again, as earlier explained, first they are debarred, then they are kept in abeyance and, if necessary, criminal prosecution is started. Many of the people have been convicted, and fined also

SHRI AKBAR ALI KHAN : May I know, Sir, what measures the Government contemplates to take against the departments where it is found that they have also not made proper use of the Licences ?

SHRI L. N. MISHRA : There is no difference between the public sector and the private sector in these things. If some deliberate mistake has been committed by some officer of the public sector action is taken against that officer.

SHRI BHUPESH GUPTA : In view of the fact that now after enquiry it has been found that the Coca Cola should be given export replenishment on the basis of 4 per cent, may I know, Sir, why that particular concern was allowed to import on the basis of 20 per cent, and whether in the light of the latest investigation the Government has ordered an enquiry into the various departments concerned as to find out how Coca Cola was allowed, according to me, deliberately to swindle public exchequer and what action the Government is going to take against irresponsible officers ?

SHRI L. N. MISHRA : It would have been advisable if Mr. Bhupesh Gupta had reserved his supplementary for the second Question.

SHRI BHUPESH GUPTA : You can start with this.

MR. CHAIRMAN : I will not call you on the second Question.

SHRI L. N. MISHRA : About Coca Cola enough discussion has taken place in this House. I had appointed a Committee under the Chairmanship of the Special Secretary, Mr. Yunus. That Committee has submitted its report recommending entitlement of 4½ per cent. replenishment instead of 20 per cent. For action it is for the Ministry of Industrial Development; they have initiated action. It is a fact that 20 per cent entitlement has not been found justified by this Committee.

SHRI BHUPESH GUPTA : Sir, on a point of order. I seek your protection. I wanted to know how it came to be settled at 20 per cent, now that it has been reduced. The hon'ble Minister has corroborated what I said. May I know whether any investigation by the C. B. I. or otherwise has been ordered in this particular case to find out manipulation in order to help Coca Cola so that it could swindle public exchequer ?

SHRI L. N. MISHRA : No, C. B. I. . . .

SHRI BHUPESH GUPTA : Why not ?

SHRI L. N. MISHRA : I would like to state the fact. A C. B. I. enquiry has not been ordered. But if the hon'ble Member is

interested, I do not want to hide anything. For the information of the hon'ble Member I can place the recommendations of the Committee on the Table of the House. A C B I enquiry will be started. I will tell my colleague that no leniency has to be shown and nothing is to be done which will be hanky-panky.

SHRI A. D. MANI With reference to part (a) of the question I would like to ask the Minister whether any attempt has been made, after the publication of the report on 4th August, 1971, to identify those Government departments which have misused the import licences. He cannot say the matter is under enquiry. We would like to know what those Government departments are. He also said that if it is not a deliberate case of misuse of licences, no action would be taken. The same concession should be given to the small-scale industries. Is he prepared to extend the same concession to the small-scale sector people who have not deliberately misused the licences but due to oversight may have done so ?

SHRI L. N. MISHRA Sir, I have stated earlier that details have to be found out. We are enquiring into the matter. It may not be possible for me to give all the information to-day. I want notice for it. Some day in the course of this session I will lay it on the Table of the House, the names of the departments or the officers of the public sector who are responsible for it.

SHRI BABUBHAI M CHINAI The hon. Minister has said that recently a committee report was given and on that basis, 4½ per cent has been allowed to the Coca-Cola Corporation as import licence for importing their raw material. May I know from the hon. Minister whether the same corporation used to get 20 per cent or so because they were also exporting and earning foreign exchange ? If so, will the hon. Minister enlighten us as to what is the amount they have been exporting, and what they were getting by way of import licence against export ? The Minister also said that he has already made an enquiry and he would put the report on the Table of the House. May I know whether there is any necessity for volunteering himself to have a CBI enquiry when there is no question of any CBI enquiry ?

SHRI L. N. MISHRA : I am not volunteering. I said, if it is necessary that a CBI enquiry should be made we will not hesitate to make a CBI enquiry. About the other point, that is, the enquiry that was done under the chairmanship of Mr Yunus, the commission

took all these points into consideration. The representatives of the Coca-Cola Corporation were given an opportunity to put their case before the commission, and they put their case before the commission. As a matter of fact, the top man of the organisation in India appeared before the commission. Perhaps some other witnesses also appeared. I do not know the details of the proceedings, but as I said if Members want the report of the enquiry commission I will put it on the Table of the House. . .

SHRI BHUPESH GUPTA When ?

SHRI L. N. MISHRA : I will do it.

SHRI BHUPESH GUPTA It should be done in this session.

SHRI L. N. MISHRA All right. So much mud has been flung at us that I want to put it on the Table of the House.

SHRI KRISHAN KANT . May I know from the hon. Minister. . .

श्री सीताराम केसरी प्वाइट आफ आर्डर सर। उन्होंने एक क्वेश्चन यह किया कि जो इम्पोर्ट करने के लिये उनको लाइसेंस दिया जाता था कोकाकोला वालो को, वह एक्सपोर्ट के अगोन्स्ट था या खाली उतना ही .

श्री सभापति आपको क्या ?

श्री सीताराम केसरी इसलिय कि क्वेश्चन का जवाब नहीं हुआ, सर।

श्री सभापति हो गया। श्री कृष्णकान्त।

श्री अर्जुन अरोड़ा आपको पुकारा नहीं चेरर ने, फिर भी आप खड़े होकर पूछने लगे।

SHRI KRISHAN KANT : May I know from the hon. Minister whether it has been brought to his notice that Kela Products of Khemgaon have been fraudulently using their import licences of petroleum chemicals for the manufacture of jelly ? My friend, Mr. Kulkarni, has written about it so many times and still they are being fraudulently used. And they are not even supplying the product for defence purposes. May I know why their licence is still being continued and what action has been taken against them ?

SHRI A G KULKARNI He is in the / I P list

SHRI L N MISHRA Nobody is in the / I P list So far as this information is concerned, I take it from the hon Member and I will try to find out the position

SHRI M K MOHTA This press report appeared in the Economic Times on the 4th August, 1971 It goes on to say that the persons involved and whose names have been reported to the CBI include a Chief Minister of a State, a former Minister of State, two Ministers, of State, State Government officials, an Additional Chief Engineer, and so on and so forth There are 46 names mentioned in the report May I ask the hon Minister whether any high official of the State Government or Central Government or any Minister or Deputy Minister of the State government or Central Government is involved in the allegation regarding misuse of import licences and if so what action has been taken against any of them ?

SHRI L N MISHRA This report appeared in one of our important papers, namely, the Economic Times We have been trying to find out the facts and how far it is really true we have not been able to come to any conclusion This is only a press report and I am not going either to deny it or confirm it

SHRI M K MOHTA It is a very serious allegation.

SHRI A G KULKARNI It is a

MR CHAIRMAN You are not the only Member who can speak Others have also the right to put questions

DR BHAI MAHAVIR Almost three months have passed since this report appeared in the paper Is it proper for the Government to say that they are looking into it after a lapse of almost three months ? The attitude of the Government seems to be very complacent as the Minister says that things are not as bad

MR CHAIRMAN Please put your question

DR BHAI MAHAVIR Is he aware that the misuse of import licences has assumed almost scandalous proportion and there are instances

MR CHAIRMAN This is not a question

DR BHAI MAHAVIR I am asking him if he is aware that in certain cases import licences are obtained and sold and prices are almost regularly quoted for the purchase and sale of import licences If that is so, is he also aware that this is because of the huge difference between the internal market price of things for which import licences are issued and the import price ? If so, has he got, any idea of pricing imports at a proper economic level ?

SHRI L N MISHRA This is a good suggestion coming from Dr Bhai Mahavir that we should raise the price of raw materials that we import

DR BHAI MAHAVIR I am asking him

SHRI L N MISHRA We will give some thought to this suggestion By raising the price of raw-materials the public exchequer will stand to gain because we will get some additional revenue About the lapse of three months, it is a fact that it appeared three months ago. We have not been able to find out the details of it and it will be very unfair if I give the names of some people without finding out the full details. I am not prepared to give out anything at this stage, till we come to some definite conclusions

DR BHAI MAHAVIR . How long the the Government is going to take to find out details ? Is not a period of three months sufficient for the purpose ?

SHRI ARJUN ARORA Dr Bhai Mahavir has made a very serious allegation which our very able Minister has very cleverly avoided He has said that import licences are regularly bought and sold in the market and prices are quoted May I know if the Government is aware of this well known fact that import licences have become a very profitable commodity If the Government have become aware of that, what are the steps that the Government has taken to check this sort of black-marketing and profiteering ? Thirdly,

MR CHAIRMAN No thirdly.

SHRI ARJUN ARORA All right. I am very obedient

SHRI L N MISHRA The main complaint has been the misuse of import licences It is a fact that licences are bought and sold and that leads to corruption Actions are taken We put people on the black list, debar them and if necessary prosecute them