

we make and the foreign exchange earnings we make on that account every year and, if so, whether the Government is prepared to conduct a probe into the whole affair, because there is an annual loss of Rs. 80 crores by way of foreign exchange on this account alone ?

SHRI B. R. BHAGAT : What is the question ? Does the hon'ble Member allege that because of this company there is a gap of Rs. 80 crores ?

SHRI NIREN GHOSH : Overall. Not only because of this company, but I say, generally due to this practice there is a gap of Rs. 80 crores in the value of the exports we make and the foreign exchange earnings we get. If it is so, may I know, Sir, whether this Government will conduct a high power probe into the whole affair in order to sort out things ?

SHRI B. R. BHAGAT : Firstly, this question is not connected with this. Secondly, that is a matter of opinion which we do not accept.

SHRI M. P. BHARGAVA : May I know, Sir, whether after the receipt of this question, the hon'ble Minister tried to make enquires from the S.P.E. whether the latter were conducting any investigation against this firm of their own accord ?

SHRI B. R. BHAGAT : No, Sir. We have not made any enquiry from the S.P.E. Since the hon'ble Member has brought this matter to our notice, I will certainly bring this matter to their notice.

SHRI A. P. CHATTERJEE : Sir, I do not know whether the hon'ble Minister understands the question or he is refusing to understand the question. The question is very simple. It is this. Due to under-invoicing and over-invoicing, a practice generally indulged in by various firms, there has been a gap of Rs. 80 crores in foreign exchange earnings. In view of this matter, may I know, Sir, whether the Minister is willing to appoint a high-powered probe into the entire affair of this under-invoicing and over-invoicing so that this gap in foreign exchange may not occur from year to year ? That is the simple question. Will he kindly answer that without humming and hawing ?

MR. CHAIRMAN : He gave the simple answer that he cannot vouch for that figure.

SHRI NIREN GHOSH : Sir, the Commerce Ministry has admitted that the gap is there. How can he say that it is a matter of opinion ?

SHRI A. P. CHATTERJEE : He is humming and hawing.

SHRI CHANDRA SHEKHAR : Mr. Chairman, is it not a fact, Sir, that there has been a difference of opinion between the Reserve Bank and the Ministry of Commerce and that this dispute has been pending for years that altogether there is a gap between the actual earnings of foreign exchange in the Reserve Bank and the figures as accepted by the exporters in their ledgers as claimed by the Commerce Ministry ? This has been a matter of controversy for years and the Minister says that he does not know.

SHRI B. R. BHAGAT : I still repeat the answer that it is a matter of opinion in whichever quarter it may be. I do not accept this figure of Rs. 80 crores.

SHRI ARJUN ARORA : May I know, Sir, the correct figure, according to the Minister, of the gap, and may I also know, Sir, what are the steps, apart from the high-powered probe suggested by some Members, he proposes to take to close this gap ?

SHRI B. R. BHAGAT : So far as the steps to close the gap are concerned, it is a continuous process—vigilance, enforcement measures and various other things. These various instruments are being detailed. So it is a continuous measure. As for the exact figure, we have not been able to determine any exact figure although it is there. But to say that this is the figure of leakage is not correct.

NIZAM SAGAR LAKE IN A.P.

*734. **SHRIMATI SEETA YUDHVIR :** Will the Minister of IRRIGATION AND POWER be pleased to state :

(a) whether it is a fact that the Nizam Sagar Lake in Andhra Pradesh is getting silted more rapidly than expected to the detriment of the Ayacut, and that there is an element of uncertainty about the future reserve of the water in the lake; and

(b) if so, what steps are being taken to arrest this rapid silting ?

THE MINISTER OF IRRIGATION AND POWER (SHRI FAKHRUDDIN ALI AHMED) :

(a) It is reported that the Nizam Sagar reservoir is getting silted up somewhat rapidly; but there is no element of uncertainty about the future reserve of water in the lake.

(b) The problem of silting is being studied by the Andhra Pradesh Engineering Research Laboratories and necessary steps will be taken by the State Government after a solution is arrived at. However, to gain the capacity of the reservoir, it is contemplated to raise the F.R.L. after assessing correctly the lost capacity.

SHRI AKBAR ALI KHAN : Sir, so much silt has now come. May I know, Sir, why we did not look into it earlier ?

DR. K. L. RAO : Actually the State Government investigated earlier. They have been doing some sort of survey. Even now it is not quite clear how much capacity it has lost. It is reported that it is something like 30 per cent. We do not believe it would be so much. However, they are making surveys and we hope the information will be available shortly.

SHRI AKBAR ALI KHAN : May I know, Sir, if the Government will give technical advice to the Andhra Pradesh Government to look into the matter ?

DR. K. L. RAO : Quite so.

COMPLAINT AGAINST LAXMI RATTAN COTTON MILLS, LTD.

*735. SHRI NIREN GHOSH : †

SHRI ARJUN ARORA :

SHRI M. AJMAL KHAN :

Will the Minister of FINANCE be pleased to refer to the reply given to the Unstarred Question No. 92 in the Rajya Sabha on the 11th May, 1966 and state the reasons because of which the complaint filed by the Director of Enforcement, Foreign Exchange Regulations against the Laxmi Rattan Cotton Mills, Ltd. and its six Directors in the court of the City Magistrate, Kanpur was withdrawn ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI B. R. BHAGAT) : Prosecution was initiated for

the violation of section 12(2) of the Foreign Exchange Regulation Act, 1947, for non-realisation of full export proceeds. As the consignee company abroad had gone into liquidation, the case was withdrawn from the Court of law after taking legal opinion, and was adjudicated departmentally.

SHRI NIREN GHOSH : May I know, Sir why no action was taken by the Government for conspiracy and causing wilful loss of revenue to the tune of Rs. 1½ lakhs against the directors of the Laxmi Rattan Cotton Mills, Ltd.?

SHRI B. R. BHAGAT : The company was proceeded against. No individual directors were involved in it. The company was penalised and a fine of Rs. 15,000 was imposed on Messrs. Laxmi Rattan Cotton Mills, Ltd. Since the directors were not personally involved no personal penalty was imposed.

SHRI NIREN GHOSH : May I know, Sir, if it is a fact that the counsels engaged by the Government were strongly of opinion that the Government had a fool-proof case which would result in the conviction of the directors. The hon'ble Minister says that the directors are not concerned whereas their Counsel was of the opinion that the directors would certainly be convicted if the case were proceeded with ?

SHRI B. R. BHAGAT : Sir, in the beginning the Government went to the court. Later on, when it was found that the consignee company, that is, the company in Hong Kong, to which the export was made, had gone into liquidation under section 12(2) of the Foreign Exchange Regulation Act, the matter was examined by the Law Ministry and their legal opinion was that the case will not stand in view of this fact, and therefore the case was withdrawn from the court and departmental proceedings started.

SHRI ARJUN ARORA : Sir, in this case the Minister is obviously not giving the full information.

SHRI B. R. BHAGAT : I am sorry, Sir, there is no cause for this insinuation. Repeatedly the hon'ble Member has been making this charge. The other day he said that I did not lay the information on the Table of the House and I brought to your notice that

† The question was actually asked on the floor of the House by Shri Niren Ghosh.