

(b) if so, what are the reasons therefor?

THE MINISTER OF EDUCATION (DR. K. L. SHRIMALI): (a) Yes, Sir.

(b) To avoid disturbance to the students of the University who are busy in preparing for their examinations which have since started.

SHRI M. P. BHARGAVA: May I know as to who took the decision for not holding the convocation?

DR. K. L. SHRIMALI: The Academic Council took the decision and the decision was upheld by the Executive Council.

MR. CHAIRMAN: The questions are over.

SHORT NOTICE QUESTION AND ANSWER

CASE OF SHRI S. P. JAIN

1. SHRI BHUPESH GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether he has received any report from the Enforcement Directorate of the Foreign Exchange Regulation regarding the case of Shri S. P. Jain;

(b) if so, what are the findings in the report and the recommendations made therein; and

(c) what action Government have taken in the matter?

THE MINISTER OF FINANCE (SHRI MORARJI R. DESAI) : (a) Government have received a copy of the order passed by the adjudicator in the case of Shri S. P. Jain.

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(b) The finding of the adjudicator is that Shri S. P. Jain has contravened the provisions of the Foreign Exchange Regulation Act by maintaining a Deutsche Mark account with a bank in West Germany. The adjudicator has imposed a penalty of Rs. 55 lakhs on Shri S. P. Jain and further directed him to close the account forthwith and bring back the

funds to India through an authorised dealer within 30 days from the date of the adjudicator's order, i.e., before the 22nd May, 1959.

(c) The question of any action being taken by Government in the matter does not arise since, under the law, the adjudicator is competent to pass final orders which are binding on the party concerned.

SHRI BHUPESH GUPTA: I have before me a statement prepared by the Ministry of Finance regarding the foreign exchange sanctioned to Shri S. P. Jain and supplied to me by the Department of Parliamentary Affairs. According to this statement, the total amount of foreign exchange sanctioned to Shri S. P. Jain during the period 1st April 1953 to 31st October 1958—5½ years—was only Rs. 27,250. Of this again, as the statement says, Rs. 19,250 was sanctioned for his travel in the United States of America, the United Kingdom, West Germany and other Western countries. As against this total of Rs. 19,250, in one Western Bank alone Shri S. P. Jain has an account of Rs. 19 lakhs. In view of this startling revelation, have Government made any enquiry into Shri S. P. Jain's other bank accounts in the Western countries? Well, it is a reasonable presumption . . .

SHRI MORARJI R. DESAI: I did not follow the last sentence.

MR. CHAIRMAN: From April 1953 to sometime in 1958, about Rs. 27,250 were allowed to him as foreign exchange.

SHRI BHUPESH GUPTA: For Western countries alone, it was Rs. 19,250.

MR. CHAIRMAN: All right, for the Western countries, the sum allowed was only Rs. 19,250. As against this, he has a large number of accounts. Will the Government . . .

SHRI BHUPESH GUPTA: As against this, in one bank account alone, there is a revealed amount of Rs. 19 lakh*

and you are right in presuming that there may be other accounts.

MR. CHAIRMAN: Will the Government make enquiries into these foreign exchange accounts elsewhere? That is the question.

SHRI MORARJI R. DESAI: The present account in the German Bank was started only in March and went on up to September 1958. There is nothing to show that there has been anything in the previous years but Government does make an enquiry in such cases and continues to make an enquiry. It is not, however, possible to get from these banks information unless we get some particular information.

SHRI BHUPESH GUPTA: It appears from the Ministry of Finance statement before me that when Shri S. P. Jain used to make these foreign tours, he used to be sanctioned foreign exchange worth a few thousands only, Rs. 6,000 and sometimes Rs. 8,000. Government surely knows how these multi-millionaires live abroad in very luxurious hotels; the shopping centres they visit and the heavy-spending they indulge in there. How is it that the Government did not suspect much earlier that Shri S. P. Jain might have had some foreign exchange reserves in the countries he visited? Why is it that Government did not go after him much earlier?

SHRI MORARJI R. DESAI: Sir, Government is not a blood-hound.

SHRI BHUPESH GUPTA: Is that the answer, Sir? I would beg of you to at least . . .

MR. CHAIRMAN: If you are prepared to supply him with any precise information, he will take action, but Government do not go about trying to ferret out information themselves. Is that the answer?

SHRI MORARJI R. DESAI: That is what I said, Sir. We cannot go on scents.

SHRI BHUPESH GUPTA: Yours is a better answer than what he said. I concede that but here is a case . . .

MR. CHAIRMAN: Slowly, slowly. Come to the question.

SHRI BHUPESH GUPTA: Am I not entitled to know from the Government as to why, when there was a reasonable and probable ground for suspicion, the Ministry of Finance did not act in this matter all these years?

SHRI MORARJI R. DESAI: The Ministry of Finance has acted as properly, as rightly and as quickly as possible in every case.

SHRI B. K. P. SINHA: May I know whether Government of India can compel foreign banks to disclose the accounts of Indian nationals?

MR. CHAIRMAN: He has already said "No".

SHRI BHUPESH GUPTA: I would ask the Finance Minister to refer to section 28 of the Indian Income-tax Act. We have now traced a concealed income of Rs. 19 lakhs in one bank. Under this section 28, this would be concealed income—now of course revealed—and would be liable to income tax not exceeding 1½ times the amount, that is, of the order of Rs. 27 lakhs or so. May I know what steps Government have taken for realising this sum of Rs. 27 lakhs under section 28 of the Act?

SHRI MORARJI R. DESAI: Government officers are taking necessary action and are making enquiries?

MR. CHAIRMAN: That will do. Papers to be laid on the Table.

SHRI BHUPESH GUPTA: I cannot change **you**.

MR. CHAIRMAN: You cannot change me.

SHRI BHUPESH GUPTA: Not you, Sir, but Mr. Moxarji Desai.