

LOK SABHA

Tuesday, July 30, 1968/Śravaṇa 8,  
1890 (Saka)

The Lok Sabha met at Eleven of the  
Clock.

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

British India Corporation

+

\*181. SHRI VISHWANATHA

MENON;

SHRI K. ANIRUDHAN;

SHRI NAMBIAR;

SHRI A. K. GOPALAN;

Will the Minister of INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that 42 per cent of the shares of the British India Corporation are under the control of Government;

(b) if so, whether Government propose to purchase 9 per cent more of BIC shares to take over complete control of the management;

(c) if not, the reason therefor;

(d) whether the attention of Government has been drawn to the press Reports that Government are not purchasing more shares because of the pressure of the present BIC management; and

(e) if so, whether the reports are correct?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS (SHRI RAGHUNATH REDDY): (a) The President of India owns 22.21 per cent shares in the British India Corporation in addition to the L.I.C. which holds 16.67 per cent and the Unit Trust of India 0.62 per cent of shares.

(b) No proposal to purchase 9 per cent of shares is before the Government.

(c) Does not arise.

(d) and (e). There is no basis for any such report.

SHRI C. K. CHAKRAPANI: Question No. 195 also may be answered along with 181.

MR. SPEAKER: Yes.

British India Corporation

\*195. SHRI C. K. CHAKRAPANI: Will the Minister of INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS be pleased to state:

(a) whether any Committee has been appointed to enquire into the charges of embezzlement and fraud against the management of the British India Corporation;

(b) if so, what are the terms of reference;

(c) the names and official designations of the members; and

(d) when the Committee is likely to submit its report?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS (SHRI RAGHUNATH

REDDY): (a) and (d). Several shareholders present at the last annual general meeting wanted clarifications on various different aspects of the working of the woollen Branches and Cooper Allen Unit of the company, sale of shares in sugar companies, perquisites given to Shri B. L. Bajoria circumstances in which some Directors could not sign the audited accounts of the Company, etc. A few shareholders also gave advance notice of the questions they proposed to put at the meeting.

In view of the paucity of time to deal with the questions at the meeting, a Committee was appointed at the meeting to examine the question raised thereat arising out of or concerning the accounts. The Committee is required to submit a report on such questions to the Company Law Board with a copy to the Board of Directors of the Company. The Committee is expected to submit its report as early as possible.

(c) The shareholders resolved to appoint a Committee consisting of the following:

- (1) A nominee of the Textile Commissioner;
- (2) A nominee of L.I.C.;
- (3) A nominee of Company Law Board;
- (4) A nominee of the minority shareholders;
- (5) Shri S. C. Mehta, Chartered Accountants, Calcutta;
- (6) A representative of Bajorias:

The Company Law Board is to perform certain statutory functions under the Companies Act. It would not be proper for a representative of the Board to be associated with a Committee appointed by the shareholders of the Company. The company has been informed of this position.

**SHRI VISHWANATHA MENON:** In view of the fact that there are some allegations of mismanagement against the management of the BIC, is it true that the Government appointed directors have categorically

stated that they were not in a position to control the affairs of the BIC?

**THE MINISTER OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS (SHRI F. A. AHMED):** I should like to make the position clear. There is no such thing as that the appointment of a director was made by the Government. There was an understanding between one of the big shareholders, Bajorias, and the Government . . . (Interruptions.) When the petition was filed before the Allahabad High Court for the appointment of new management, an understanding on the basis of which the directors are appointed with the approval of the Government whenever any director is appointed in this company, this has to be approved by the Government. Therefore, there is no such thing as that the appointment is made by the Government. The directors are appointed with the approval of the Government. There has been a convention for some of the directors to be suggested by Govt. being also a big shareholder. When they are approved by the board or at the annual general meeting, the proposal comes to us for approval. Two directors who were recently suggested are Mr. Himatsingh and Mr. Bilgram. This suggestion was approved by the board and by the annual general meeting also. So, they have been expressing the opinion that the management is not run properly and is suffering a loss.

**SHRI VISWANATHA MENON:** May I know if it is a fact that in the meeting of the Congress Parliamentary Party held on 6th June 68 a demand was made by some members for the dismissal of Mr. Himmatsingh from the board of the BIC for having written an insulting letter to Mr. Shri Prakasa, the Chairman and also for acting as an impostor for a Government director? If so, may I know what action has been taken by Government so far?

**SHRI F. A. AHMED:** No action arises against Mr. Himmatsingh because that was a letter written by

him to the Chairman and the Government cannot take the responsibility for that letter written by him to the Chairman.

**SHRI C. K. CHAKRAPANI:** It is a well-known fact that BIC is being sold brick by brick by Bajorias. The loss of the company last year has reached Rs 150 lakhs because of the maladministration and mismanagement of Bajorias. Government have appointed some Directors. May I know whether these Directors appointed by Government have joined Bajorias and if so whether Government will take steps to remove those Directors and appoint new ones in public interest?

**SHRI F. A. AHMED:** The removal of the Directors is controlled by the provisions of the company law. We can only approach the High Court for the purpose of removing them, after pointing out certain irregularities. We have recently appointed an inspector who has submitted his report. That report is under consideration.

**SHRI CHINTAMANI PANIGRAHI:** The hon. Minister just now admitted that there is mismanagement and it is suffering a loss. In 1964-65 it made a profit of nearly Rs. 2 crores. In 1965-66 it incurred loss. In 1966-67 also it incurred a loss. The minister also promised in the Rajya Sabha and in this House also to set right the mismanagement of the company and to see that the company makes a profit, Government would take necessary action. We want to know what action Government has taken and also what are the contributions made by this company to the different political parties during the last few years.

**SHRI F. A. AHMED:** I have already said that one of the actions taken by us was to have the company's records inspected by one of our officers. He has submitted a very voluminous report. We are considering as to what action can be taken on the basis of

that report. Secondly, regarding one of the units i.e., Cooper Allen, which has been giving recurring losses, we are examining whether this unit can be taken over by the defence department. I have already approached the Ministry of Defence to examine this.

**SHRI CHINTAMANI PANIGRAHI:** The Minister said that they are considering the report. We know the report contains serious allegations. Will the Minister make public that report?

**MR. SPEAKER:** Shri Hem Barua.

**SHRI HEM BARUA:** In view of the fact that there are some very serious allegations against the BIC, who are indulging in corrupt methods and fraudulent sales transactions and also in view of the fact that the workers' union has submitted a memorandum to the Government to this effect and the Government has also admitted that there is corruption in BIC, why is it that Government have not taken the trouble of holding an independent enquiry into the affairs of BIC and taking action immediately?

**SHRI F. A. AHMED:** That inquiry has been held and the report is before the Government.

**SHRIMATI SUCHETA KRIPALANI:** Is it a fact that when Bajorias took over BIC the dividend given was 15 per cent to the shareholders and subsequently the concern has been doing so badly that there is an overdraft of more than Rs. 5 crores and some property has been sold away by Bajorias by internal arrangements?

**SHRI F. A. AHMED:** It is a fact that the company is now suffering a loss and it has not declared any dividend for the last one or two years.

**SHRIMATI SUCHETA KRIPALANI:** I also wanted to know whether some property has been sold away by Bajorias by internal arrangements. I want to have a list of such property.

**SHRI F. A. AHMED:** I do not know what property the hon. Member is referring to. If she is referring to some shares of sugar mills, they have been sold with the approval of the directors of the company.

**SHRI INDRAJIT GUPTA:** May I know, in continuation of the answer given just now, why there is no arrangement between the company and the Government that in case these directors, who have to be appointed with the approval of the Government as he said a little while ago, in their wisdom decide to sell away this company bit by bit as they have done in the case of six sugar mills, in such cases prior approval of Government would be required? Secondly, this Cooper Allen unit and Lal Imli unit are, as we all know, very important suppliers of defence requirements of the country to the Defence Ministry. In view of the fact that this whole valuable asset is being led to rack and ruin and frittered away, keeping in mind our defence requirements, may I know why it is that Government is not taking steps to have these two units completely taken over by the Government?

**SHRI F. A. AHMED:** I have already pointed out that so far as Cooper Allen is concerned, already the matter is pending with the Defence Ministry. It is hoped that the examination of taking it over will be soon finalised by the Defence Ministry.

**AN HON. MEMBER:** How soon?

**MR. SPEAKER:** As early as possible.

**SHRI F. A. AHMED:** So far as the other units are concerned the matter is under consideration.

**SHRI INDRAJIT GUPTA:** Sir, he has not replied to the first part of my question as to why these directors who have to be approved by the Government are not required to take Government's approval before selling away units for this concern and

they can sell away anything that they like and no approval of Government is required?

**SHRI F. A. AHMED:** I do not know to what sale the hon. Member is referring to.

**SHRI INDRAJIT GUPTA:** I am referring to the six sugar mills.

**SHRI F. A. AHMED:** I may just point out that no such thing has happened as sale of sugar mills. The BIC units held certain shares and those shares have been sold by the company on the basis of recommendation and approval by the directors.

**SHRI SHASHI RANJAN:** It is a fact that the affairs of BIC have been going from bad to worse and, as the Minister just now said, due to Cooper Allen unit the BIC as such has been suffering a loss. There was an offer from Batas to purchase this Cooper Allen unit. May I know why Government did not see that the management of Cooper Allen was handed over to Batas and the other units like Lal Imli and Dhariwal were saved from this catastrophe of being on the verge of closure. If the affairs of this concern are allowed to continue like this certainly these units which are valuable to the nation will be closed. What were the reasons that the Government was so complacent about this? Secondly, the affairs were not going from bad to worse. It had been suffering a loss and the affairs from the very beginning were very bad. When Government got notice of it that they had to take some action in the matter, may I know why Government did not think it proper to enter into the affairs of the company and allowed it to deteriorate?

**SHRI F. A. AHMED:** It is certainly a fact that the company wanted to dispose of Cooper Allen unit to Batas and we did not think that such a transfer would have been in the interest of the company or in the interest of the public. Therefore, we prevented it from

being sold to Batas because this is a very important industrial unit and for defence requirements. It is required and can be run and managed efficiently by the Government. If it had been allowed to go to Batas that would have tended to create further monopoly and, therefore, we did not consider it proper.

**SHRI PILOO MODY:** I do not think you should allow him to say these things and get away with it. If it is a monopoly, he must prove the monopoly.

**श्री कंबर लाल गुप्त :** यह बी० आई० सी० का सारा मामला पोलिटिकल कनसिडरेशन से साल्व हो रहा है। इसमें न तो लेबर का खयाल है और न जनता का। पहले बाजोरिया इस गवर्नमेंट के ब्लू-आईड बाय थे। अब डायरेक्टर के एपायमेंट पर उनमें लड़ाई हो गई है। मैंने सुना है कि डोनेशन के बारे में कुछ झगड़ा है। प्राइम मिनिस्टर भी खुद इसमें इन्ट्रस्ट ले रही हैं। मेरे पास 18 जुलाई का इंडियन एक्सप्रेस है जिसमें यह लिखा हुआ है :

“The future of British India Corporation in which the Government and Life Insurance Corporation have together over 40 per cent shares was discussed by the Prime Minister informally with her Cabinet colleagues. Among those who were present at this meeting were Mr. Chavan, Mr. Jagjiwan Ram, Mr. Frakhruddin Ahmed and Mr. Dinesh Singh. As a result of today's discussion it is likely that Mr. Ahmed may bring forward a Bill on the very first day of Parliament on Monday empowering the Government to take over the administration of BIC.”

इसी तरह से दो तीन खबरें और आई हैं, जिनमें कहा गया है कि प्राइम मिनिस्टर खुद इस को लेना चाहती हैं। पहले सरकार ने बाजोरिया को मुन्दरा के शेयर जबर्दस्ती दिलवाये

क्योंकि वह उसके पेट थे। क्या सरकार कूपर एलेन वर्ररह में होने वाले मिसमेंजमेंट को रोकने के लिए, जिस की वजह से लेबर को नुकसान हो रहा है एक हाई-पावर्ड कमेटी बनायेगी जो इस सारे मामले में जाये ? क्या सरकार ने किसी स्टेज पर बाजोरिया को यह एगोरेंस दिया था कि अब गवर्नमेंट और ज्यादा शेयर नहीं खरीदेगी ?

**श्री फलरहीन अली अहमद :** मैं सबसे पहले कुछ एलीगेंशन का जवाब दे देना चाहता हूँ। यह कहा गया है कि हम किसी पोलिटिकल कनसिडरेशन की वजह से इस मामले को सोच रहे हैं। यह बिल्कुल गलत है। (Interruptions.) न तो डोनेशन की वजह से और न इस वजह से कि उनसे कोई झगड़ा हुआ है गवर्नमेंट ने उनके खिलाफ कोई कार्यवाही की है या कर रही है। मैं यह भी बता देना चाहता हूँ कि अगर प्राइम मिनिस्टर इस मामले को मिनिस्टर के साथ डिसकस करें तो इसमें गलती की क्या बात है। प्राइम मिनिस्टर के पास लेबर से कई रिप्रजेंटेशन आए और वह डिसकस करना चाहती थीं कि इस मामले में क्या हो रहा है और क्या बेहतर सूत्र हो सकती है जिससे हम कूपर एलेन यूनिट को ले लें, जो बन्द होने वाला है। (Interruptions.)

**श्री कंबर लाल गुप्त :** कब ले रहे हैं ?

**श्री फलरहीन अली अहमद :** भानरेबल मेम्बर ने शायद सुना नहीं कि हम ने कूपर एलेन यूनिट को लेने के लिए डिफेंस मिनिस्ट्री से कह रखा है। डिफेंस मिनिस्ट्री इस को कनसिडर कर रही है और मुझ उम्मीद है कि वह जल्दी से जल्दी इस को ले लेगी।

यह कहा गया है कि हमने बाजोरिया को जबर्दस्ती बी० आई० सी० के शेयर दिलवाए। हमने कभी कोई जबर्दस्ती नहीं की। उन्होंने यह शेयर खरीदे हों तो अपनी मर्जी से खरीदे होंगे। हमारा कोई उससे ताल्लुक नहीं है।

श्री कंवर लाल गुप्त : अध्यक्ष महोदय, मेरा मसाल यह था कि क्या आपने बाबोरिया का किता स्टेशन पर अरगोरेंस दिया है कि गवर्नमेंट और गेजर नहीं खरोदेगी ?

श्री फखरुद्दीन अली अहमद : हमने कोई ऐसा अरगोरेंस नहीं दिया है।

श्री ट्वा० ना० तिवारी : अध्यक्ष महोदय, कमालिडिंड फंड आफ इंडिया से भी गेजर खरीदे गये हैं, एल० आई० सी० ने भी खरीदे हैं और प्लिंट ट्रस्ट ने भी गेजर लिए हैं, इसके मानते हैं कि हिन्दुस्तान के लोगों के भांशर्स हैं और घाटा या मुनाफा भी हिन्दुस्तान के लोगों का होगा। यह कम्पनी पहले मुनाफा कर रही थी। तो क्या सरकार ने कोई ऐसी एजेंसी कायम की है कि जो जांच कर सके कि पहले कौसे मुनाफा होता था और अब घाटा क्यों हो रहा है और आज तक सरकार को कितना घाटा देना पड़ा है ?

श्री फखरुद्दीन अली अहमद : अभी मैंने मेम्बर के सामने अर्ज किया था कि हमने एक इन्वेक्टर मुररर किया था था उसकी रिपोर्ट हमारे पास आई है और उससे हम को नमाम चाले मालूम होंगे। दूसरे कम्पनी ने भी अभी एक रेजॉल्यूशन पास किया है जिसमें एक कमेटी मुररर की गई है जो इन नमाम चीजों के बारे में सोच समझ कर रिपोर्ट हमारे पास पेश करेगी और वह हमारे पास आयेगी तो देखेंगे।

श्री एस० एम० जोशी : अध्यक्ष महोदय, मैं माननीय मंत्री से जानना चाहूँगा कि पहले तो बात आपने यह बतायी कि कूपर प्लेन का डिफेंस मिनिस्ट्री लेने जा रही है, वह तमल्लोबखश है, अच्छा किया है। मगर आपने यह भी कहा कि जो चीनी कारखाने बेचे गए हैं वह हम यह पूछना चाहते हैं कि क्या यह मही है या नहीं कि 5 कारखाने 35 लाख में बेचे गए हैं और उसमें से 19 लाख अभी आने

को है और यह बेनामी रीजिशन है ? यह किस को बेचे गए हैं और यह सब बानें हैं इसमें, मिनिनेजमेंट है, चारी है, लूट है, यह हमारा कहना है इसलिए जैसा गुना जो ने कहा कोई एक कमिशन बिठा कर इनकी जांच कराएंगे कि जो यह 35 लाख में चार पाँच कारखाने बेचे गए हैं जबकि शुगर पर डि-कण्ट्रोल को पालिसी है और यह फायदेमन्द है तो 35 लाख रुपये में कारखाना बेचना जिसमें लाखों लाख रुपये का फायदा होता हो यह लूट ही है, तो जैसी हालत में क्या हुआ तब यह करेगी कि इस को जांच हो जिसमें इनका जो सेल हुआ है यह तो पता चले कि यह सेल है या नहीं। अगर उन्होंने ऐसा ही किया है कि बेनामी है तो मिल को अपने हाथ में लिया जाय नहीं तो यह होता है कि जैने अपने यहाँ मराठी में कहावत है कि रेवड़ा वाले को गंडेरी वाला गवाह मिल जाता है आपने कहा कि डाइरेक्टर लोगों ने उसको कबूल किया अरे कीन डाइरेक्टर है शेर ना हुआ तब के हैं, यह तो नहीं होना चाहिए। इसके लिए मैं पूछना चाहता हूँ कि क्या जांच कमिशन आप बिठाएंगे ?

श्री फखरुद्दीन अली अहमद : मैंने पहले भी अर्ज किया और फिर दोहराता हूँ कि कोई कारखाना नहीं बेचा गया है। . . . (व्यवधान) . . .

श्री राव राय : शेरस तो बेचे गए हैं . . . (व्यवधान) . . .

श्री फखरुद्दीन अली अहमद : जवाब तो सुनाए। आनरेबल मेम्बर ने कहा कि 5 कारखाने बेचे गए हैं। मैंने कहा कारखाने नहीं बेचे गए हैं। शुगर मिल के शेर थे बी० आई० सी० के वह उन्हीं बेचे हैं . . . (व्यवधान) . . .

SHRI KARTIK ORAON: The British India Corporation was making a profit of Rs. 2 crores in 1950s. During the last 18 years, it has run into the rut of running into a loss of Rs. 1 crore. I would like to know from the Government when the Government

started participation with this Corporation, what was the financial position of the Corporation at that time and to what extent the Government is responsible for these losses.

**SHRI F. A. AHMED:** It is a fact that the B.I.C. suffered a loss in the years 1966 and 1967 of about Rs. 130 lakhs. A year before that, they had suffered a loss of about Rs. 25.9 lakhs. Before that, there was a profit of about Rs. 20 lakhs and in the year 1960 there was a profit of Rs. 133 lakhs. Things have been deteriorating from year to year.

**SHRI D. N. PATODIA:** From the various replies given by the hon. Minister it appears that he feels that the panacea for all the ills is to nationalise, to take over control by Government . . . (Interruptions).

**MR. SPEAKER:** That is his view.

**SHRI D. N. PATODIA:** I am reminded of the famous *choupayee*

जहाँ जहाँ पड़े सारांके, तहाँ तहाँ हँसे बंटाघार

Wherever this Government has stepped in, it has spoiled everything. May I submit that, after this Mundhra affair, whenever Government started interfering in it, the position has gone from bad to worse. They are imposing persons like Mr. Himatsingh for political favours and now they are saying that for the purpose of nationalisation, for the purpose of avoiding monopolies, they want to give the industry to Defence. This is most objectionable. Does he know what is the definition of monopoly? (Interruptions).

**MR. SPEAKER:** He may put his question.

**SHRI D. N. PATODIA:** My question is whether the Government will consider that, in order to see that this industry runs profitably, Government will stop interfering with it and will handover the management so that they can have a free play without any control. . . . (Interruptions).

**SHRI F. A. AHMED:** Most of the thing that the hon. Member has stated is a matter of opinion. But I may point out that the management was with this company and we did not interfere with the management and even then it suffered a loss.

**SHRI TENNETI VISWANATHAM:** The Minister was pleased to say that the Government did not appoint Directors. Is it or is it not fact that the Company sent a list of Directors, but the list was set aside and Mr. S. K. Dutta sent a telegram to Shri Sri Prakasa to take two gentlemen as Directors on the Board and troubles began after the imposition. . . . (Interruptions).

**AN HON. MEMBER:** Who are those two?

**SHRI TENNETI VISWANATHAM:** I think, Mr. Himatsingh and Mr. Bilgrami. Two telegrams were given on 9th and 12th September. The list sent by the Company was set aside and these two names were given by the Government and they had to be adopted. As he said, they are the true advisers. Troubles began after this imposition. Most of the loss is due to the mismanagement of Cooper Allen. When once the Company wanted to sell it away to Bata, Government took objection that Bata was a big company and it would develop into a monopoly. It is good that it is thinking of taking over. Is it not a fact that Government appointed their own Directors under the Clause in the agreement 'subject to approval'? In fact, it is not a question of approval but imposition.

**SHRI F. A. AHMED:** I have already explained the position that Government does not appoint; Government only approves. The hon. Member must also realise that the President of India holds shares. It is open to any shareholder to suggest names. If those names are suggested to the Board by a shareholder and they are sent by the Board to Government for

approval, there is nothing wrong in it. It is wrong to say that only because of Cooper Allen there has been a loss. I may point out that last year the loss was Rs. 130 lakhs and if we exclude the loss of Rs. 50 lakhs on account of Cooper Allen, even then there is a loss of Rs. 80 lakhs in the woollen mills.

SOME HON. MEMBERS rose—

MR. SPEAKER: Still there are a number of hon. members. Already half an hour has been spent on this. I see even senior members like Mr. Banerjee and Shrimati Tarkeswari Sinha getting up. So many of them are there and everybody says, only one question. Now, we should go to the next Question.

SHRI BAL RAJ MADHOK: It is your prerogative, Sir. If more questions can be taken up during the Question Hour, it will be all the more desirable.

MR. SPEAKER: Next question.

SHRI S. M. BANERJEE: We who actually come from that place have not been allowed to put questions. But Members coming from Bombay and Calcutta have been allowed to put questions. Kanpur and Calcutta are miles apart.

MR. SPEAKER: Next question.

#### Sick Textile Mills

\*182. SHRI YAJNA DATT SHARMA: Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that Government have decided that in all cases where sick textile mills are proposed to be taken over by the Textile Corporation, State Governments will have to participate to the extent of 50 per cent by setting up Subsidiary Textile Corporations to run such Mills:

(b) whether Government also propose to give financial assistance to the old mills for modernisation and replacement of old spindles and looms; and

(c) if so, the details thereof and when these proposals are likely to be finalised?

THE MINISTER OF COMMERCE (SHRI DINESH SINGH): (a) The Hon'ble Member's presumption reflects the Central Governments thinking on the subject.

(b) Yes, Sir.

(c) A statement is laid on the Table of the House.

#### STATEMENT

The National Textile Corporation, established recently, will help modernisation of mills already taken over, or to be taken over in future, by Government.

Other mills can also receive financial assistance for modernisation from the Institutional Financing Agencies,

The bank rate was recently lowered by half per cent.

The Industrial Development Bank of India has evolved a scheme for the supply of textile machinery to mills for rehabilitation and modernisation on deferred payment and the period of deferred payment is extended upto 7 years in suitable cases. Relaxation in rediscounting facility has also been allowed.

A Working Group appointed by the Reserve Bank of India has examined the question of relaxation of credit limits and margins on loans by commercial banks to textile mills to provide for additional finance for modernisation and working capital. On the basis of its interim report, the Reserve Bank has issued instructions to the scheduled banks. The final report of the group has also received very recently and is under examination.