

LOK SABHA

Statement

Tuesday, March 10, 1970 | Phalguna 19,  
1891 (Saka)

The Lok Sabha met at Eleven of  
the Clock.

[ MR. SPEAKER in the Chair ]

ORAL ANSWERS TO QUESTIONS

Modi Spinning and Weaving Company Limited

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\*331. SHRI SHARDA NAND  
SHRI SURAJ BHAN

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

(a) the specific complaints received by Government against the Modi Spinning and Weaving Co. Limited in the last three years;

(b) the details of the inspection report made under section 209 (4) of the Companies Act;

(c) the action taken by Government against the company on the basis of the report;

(d) whether Government have collected the information in respect of this company regarding the amount of donation given to Congress Party during 1969 ; and

(e) if so, the amount thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE AND COMPANY AFFAIRS (SHRI RAGHUNATHA REDDY) : (a) to (e). A statement is laid on the Table of the House.

(a) No specific complaints have been received by Government in the Department of Company Affairs against Modi Spinning & Weaving Mills Co. Limited during the last three years. However, the Company has, consequent upon the termination on 31.12.1969 of the Managing Agency of R. B. Gujarmal Modi & Bros. Private Limited, submitted for approval of the Company Law Board a proposal for the appointment of six Managing Directors. Four objections to the said proposal have been received and the Company Law Board has not yet taken any decision on the application of the Company.

(b) The inspection of the Company under Section 209 (4) of the Companies Act is on hand and is expected to be completed shortly.

(c) Does not arise at this stage.

(d) and (e). Information in respect of donations made to political parties is obtained from the published balance sheets and profit and loss accounts of companies. The financial year of Messrs Modi Spinning and Weaving Co. Ltd. ends on 30th April every year. The published Balance Sheet and Profit and Loss Account of the Company for the year ended 30th April, 1969 disclosed a donation of Rs. 67,100 to the Congress Party. Information about donations, if any, made after 30th April 1969 is not yet available with the Government.

श्री शारदानन्द : जो विवरण ममा पटल पर रखा गया है उस में इन्होंने कहा है कि इस कम्पनी के खिलाफ कोई शिकायत नहीं मिली है । 25 नवम्बर, 1969 को श्री कंबरनाथ गुप्त के प्रश्न के भाग (घ) में इन्होंने स्वीकार किया था कि इस कम्पनी के विरुद्ध कम्पनी अधिनियम के अन्तर्गत कुछ शिकायतें प्राप्त हुई हैं । पहली बात तो मैं यह जानना चाहता हूँ की कौन सा मंत्री महोदय का स्टेटमेंट सही है ?

दूसरी बात यह है कि इस कम्पनी के द्वारा सरकारी कांग्रेस को सब से पहले 1 लाख 29 हजार 750 रुपये चन्दे के रूप में दिये गये। उसके बाद 75 हजार रुपये दिये गये। फिर 67,100 दिये गए। सरकारी कांग्रेस के एजेंट के तौर पर भी यह कम्पनी काम करती है और चन्दे दिलाती है। क्या इसी कारण से इस कम्पनी के खिलाफ—

**अध्यक्ष महोदय :** आप तो मायण करने लग गए। प्रश्न करें।

**श्री शारदानन्द :** यह कम्पनी बहुत घोटाला कर रही है। वनस्पति घी इसने गायब कर दिया है। चीनी का ब्लैक करती है। इस सब को लेकर इस कम्पनी के बारे में जनता में भ्रम फैला हुआ है। जो जांच कमीशन बैठा हुआ है क्या उसने अपनी रिपोर्ट दे दी है या नहीं? जनता में यह भ्रम फैला हुआ है कि चूंकि यह कम्पनी सरकारी कांग्रेस के लिए चन्दे इकट्ठे करती है इस वास्ते कमीशन रिपोर्ट नहीं दे रहा है। मैं जानना चाहता हूं कि क्या मंत्री महोदय सी.बी.आई. के द्वारा यह जांच करवाने के लिए राजी है ताकि जनता के मन में जो भ्रम है वह दूर हो?

**SHRI RAGHUNATHA REDDY :** The first part of the question was about the inconsistency in the statements made by the Government. I respectfully submit that there is no inconsistency because this question refers to complaints received during the last three years. The complaints were earlier. So both the statements are correct.

Another question was about donations given by this Company to the Congress Party. The hon. Member himself stated that the amount is Rs. 67,000. So, I need not repeat it.

The third question is about the inspection report. The inspection report is expected to be ready by the end of next month.

**श्री शारदानन्द :** सी.बी.आई. के द्वारा जांच कराने में सरकार को कौन सी कठिनाई है? मेरी जानकारी में यह आया है कि २५ लाख रुपये

अभी अभी इस कम्पनी ने सरकारी कांग्रेस को दिया है चन्दे के रूप में?

**SHRI RAGHUNATHA REDDY :** The inspection report is expected to be submitted by the end of next month. Without going through the findings of the inspection report I cannot say anything now.

**श्री शारदानन्द :** जब इस कम्पनी के खिलाफ जांच चल रही है तो क्या उभ जांच के चलते इसको नए लाइसेंस भी कोई दिये गये हैं, यदि हां, तो उन नए लाइसेंसों का देने का आधार क्या है?

इसी कम्पनी के डायरेक्टर को अभी अभी पदमविमूषण की उपाधि भी मिली है। इस तरह से ब्लैक मार्केट करने वालों को आप पदमविमूषण की उपाधि देते हैं और दूसरी तरफ नए नए लाइसेंस देते हैं, इसका कारण क्या है?

**अध्यक्ष महोदय :** जो व्यक्ति यहां हाजिर नहीं है, उसके बारे में इस तरह के शब्द इस्तेमाल किये जायें, इसकी कृपज इजाजत नहीं देते हैं।

**श्री हुकम चन्द कछवाय :** कई बार सदन में आरोप लगाये गये हैं और सरकार ने बचन भी दिया है कि जांच करायेंगे।

**श्री शारदानन्द :** पिछले तीन सालों में सरकार ने कौन कौन से नए लाइसेंस इस कम्पनी को दिये हैं और मविष्य में जबतक जांच न हो जाए तब तक क्या आप निर्णय करेंगे, की उनको कोई लाइसेंस नहीं दिये जायेंगे?

**SHRI RAGHUNATHA REDDY :** About the number of licences given I would request for notice of a fresh question.

**SHRI KANWAR LAL GUPTA :** On a point of order, Sir. I asked a question in December 1969 in reply to which he had said that a particular licence had been issued. Now he wants notice for that. It is really strange. He has already given a reply; I have got that answer with me.

**MR. SPEAKER :** Then, what is the point in asking the same question?

**SHRI KANWAR LAL GUPTA :** He is intentionally evading the answer. Two or three licences have been given to him because he had paid donation to them. That is a fact.

**THE MINISTER OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE AND COMPANY AFFAIRS (SHRI F. A. AHMED) :** Such an allegation is entirely baseless and without any truth... (*Interruption*). There is no basis what so ever in the allegation that any licence has been given because donation has been given to the Congress organisation. As the hon. Member says, he has information with him that two or three licences have been given. My hon. friend wanted to say that he has not got the details and therefore, a separate question should be asked.

**SHRI RANGA :** There is a further question. After this inquiry had been ordered, have any fresh licences been given to the same firm ?

**SHRI F. A. AHMED :** This is an ordinary inquiry under section 209 of the Company Law Act and until and unless there is *Prima facie* case to show that there is anything wrong, no such assurance can be given.

**श्री सूरज भान :** मोदी साहब मजदूरों के बहुत खिलाफ हैं, उनके बड़े विरोधी हैं। उनके नाक में इन्होंने दम कर रखा है—

**अध्यक्ष महोदय :** मैं भाषण की इजाजत नहीं दे सकता। आप सवाल ही करें।

**श्री सूरज भान :** मोदी नगर के मजदूरों की मांग है कि वहाँ नगर पालिका हो। उस मांग का गला चोंटा जा रहा है। नगर पालिका स्थापित करने की मांग को वह नहीं मानना चाहते हैं।

आपने स्टेटमेंट में कहा है कि कम्पनी ने जो प्रपोज़ल दिये थे उन पर चार आब्जेक्शंस आई हैं। वे आब्जेक्शंस क्या हैं? साथ ही मॉर्गनगर में नगर पालिका कब तक आप स्थापित कराने की व्यवस्था करेंगे ?

**SHRI RAGHUNATHA REDDY :** The Company, on the eve of abolition of managing agency, for the purpose of changing the form of management had submitted certain proposals for the appointment of managing directors, their remuneration and other matters connected therewith. Objections had been raised with regard to remuneration and other matters in fact, the Life Insurance Corporation itself had raised a number of objections. Other persons also have raised objections. The entire matter is being considered by the Company Law Board which is a statutory body under the Act.

**श्री सूरज भान :** नगरपालिका की स्थापना के बारे में कुछ नहीं कहा है।

**SHRI RAGHUNATHA REDDY :** The question of Constitution of a municipality does not arise under this question.

**श्री रघुबीर सिंह शास्त्री :** क्या सरकार को यह मालूम है कि इस कम्पनी ने किसानों की बहुत उपजाऊ और कीमती जमीन बड़े पैमाने पर कारखानों और कालोनीज के नाम से एक्वायर कर ली है और उन जमीनों पर यह कम्पनी खेती करवा रही है, बाग इसने लगवा रखे हैं और अपनी कोठियाँ बना रही है ?

**MR. SPEAKER :** You should thank him for the information.

**SHRI RAGHUNATHA REDDY :** Yes, he is giving the information.

**श्री महाराज सिंह भारती :** अध्यक्ष महोदय, मैं जानना चाहता हूँ कि मोदी कपड़ा मिल के सिलसिले में पुलिस कार्यालय की जूडिशियल एन्क्वायरी की गई थी और उसकी जो रपट दी गई है जूडिशियल एन्क्वायरी की, क्या यह सच है कि उसके अन्दर इन मिलों के ऊपर बहुत आरोप लगाए गए हैं कानून की अवहेलना के और गड़बड़ी के, इस तरह के बहुत से आरोप उस पर लगाए हैं और शायद इसीलिये सरकार इस रिपोर्ट को ग्राह्य नहीं कर रही है ?

**SHRI RAGHUNATHA REDDY :** That cannot arise out of this. (*Interruptions*)

**SHRI S. M. BANERJEE :** I rise on a point of order. Many questions have been asked by hon. Members on this side and on that side about the various serious complaints against this particular Modi concern. Whether some inquiry is being instituted or not was a simple question. The hon. Minister should have replied, yes or no. Now, there is the Sarkar Commission of Enquiry. Sir, we want your guidance in this matter. You should protect our interests.....

**MR. SPEAKER :** I am not to protect the interests out of the way.

**SHRI S. M. BANERJEE :** We want your guidance whether it is open to the Minister to evade the question.

**MR. SPEAKER :** He is not evading it.

**SHRI S. M. BANERJEE :** Many business houses are under investigation. The question asked was whether Modi concern will also be included in it. Let him say, yes or no.

**SHRI P. GOPALAN :** It was reported recently that the Prime Minister paid a visit to Modinagar where she was given a colourful and grand reception, the entire expenditure of which is reported to have been borne by the Modi concern....

**MR. SPEAKER :** How does it arise out of this Question ? I am sorry I cannot allow that...(Interruptions)

**SHRI P. GOPALAN :** The Local Congress party is controlled by the Syndicate. Mr. Modi took the pains himself to organise this grand reception. I would like to know from the hon. Minister whether this new-found political enthusiasm of Mr. Modi is the result of a dirty deal between this Government and the Modi concern and that the complaints brought against the Modi Spinning and Weaving Company Ltd. will be hushed up by this Government.

**SHRI RAGHUNATHA REDDY :** Under the Company Law, an inspection team had gone and their report is expected to be submitted. The allegations are denied.

**श्री सरजू पांडेय :** मैं यह जानना चाहता हूँ कि आज से तीन साल पहले सरकार को इस कम्पनी के बारे में क्या शिकायतें मिली थी और दूसरा सवाल यह कि बिरला और दूसरी कम्पनियों के खिलाफ जो सरकार ने कमीशन बनाया उसमें मोदी को इन्क्लूड कर रहे हैं या नहीं कर रहे हैं ?

**अध्यक्ष महोदय :** यह सवाल कहाँ इस में आता है ? ..... (व्यवधान)

You cannot force me to make everything relevant.

**SHRI S. M. BANERJEE :** Why has the Modi concern been excluded ? (Interruptions) It is a relevant question.

**MR. SPEAKER :** It is a relevant question ? (Interruptions) The question asked is about specific complaint: received and he has said that an enquiry is already there. What else do you want ?

**श्री कंबरलाल गुप्त :** तीन साल पहले क्या कम्प्लेंट थी, यह वह जानना चाहते हैं ।

**अध्यक्ष महोदय :** आप बैठिये, आप के दो सार्थी सवाल पूछ चुके हैं ।

**श्री कंबरलाल गुप्त :** यह जवाब इवैड कर रहे हैं । तीन साल पहले की बताएं ।

**SHRI F. A. AHMED :** May I Just clarify the entire position ? The question asked is whether during the last three years there have been any complaints against this particular Company and we have replied that there was no complaint against the particular Company during the last three years. But when they applied to us, after the managing agency ceased, for the appointment of six managing directors, then certain complaints were received and those complaints are under consideration. (Interruptions)

**SHRI RANGA :** What are those Complaints ?

SHRI F. A. AHMED : I can give the details.

SHRI S. M. BANERJEE : What about the second part of the question ? Why has the Modi concern been excluded from the Sarkar Commission of Enquiry ? (Interruptions)

SHRI KANWAR LAL GUPTA : This is a relevant question. Mr. Raghunatha Reddy said that there were certain complaints before. The hon. Member has asked what are those complaints. He had said that there were some complaints three years back. What are those complaints ?

SHRI F. A. AHMED : I am not evading. (Interruptions) Please see your question. Your question is about the specific complaints received by Government against the Modi Spinning and Weaving Co. Ltd. in the last three years. We said, 'No' What actually happened is that towards the end of the year the Managing Agency system ceased end on the ceasing of the Managing Agency system, they sent us names of six Directors to be appointed for these various companies. (Interruptions).

श्री कान्वरलाल गुप्त : अध्यक्ष महोदय, यह तो इस सवाल का जवाब इन्होंने दे दिया। अब यह पूछना चाहते हैं कि तीन साल पहले की क्या कम्प्लेंट है ?

MR. SPEAKER : If he is in a position to answer, I do not mind if he answers it.

SHRI F. A. AHMED : Will the hon. Member please hear me to clarify the whole position ? Mr. Ranga has asked a question and I am replying to his question. Four objections were received with regard to the appointment of Managing Directors. One, as has been pointed out by my friend, is from the LIC. They have raised the objection that the remuneration be suitably fixed on the basis of the guidelines recently issued by the Government of India and not on the basis of the salaries they have asked for. That is one party. Another is Mr. Prem

Rattan Co. Bhatia. He said that the proposal is against the interests of the shareholders of the companies. The third is from Shri D. S. Venkataraman. He says that the proposed Directors are close relatives and, therefore, any malpractice will not percolate to the Board. The fourth objection is from Shri Thakur Dass Kathuria that no case has been made out for six Managing Directors. All these matters are pending before the Board and the Board will take a decision.

SHRI S. M. BANERJEE : Sir, I raise on a point of order.

MR. SPEAKER : There is no point of order during Question Hour.

SHRI S. M. BANERJEE : I always keep mum, Sir. This is a pertinent question as to what were the complaints received against the Modi Spinning and Weaving Co. during the last three years to which the hon. Minister has replied 'No'.

The second question was : when a Commission known as Sarkar Commission has been established to inquire into certain business houses including Birlas, Singhania's why this particular house of Modis has been excluded and whether they are going to include them also. That is a specific question and the hon. Member is entitled to know it from the Minister.

MR. SPEAKER : The question about inclusion or exclusion from Birlas house Inquiry...

SHRI S. M. BANERJEE : Not Birlas inquiry, Sir. That is no more Birlas House inquiry. That is to inquire into many business Houses.

MR. SPEAKER : If the Minister is in a position to answer, that is all right.

SHRI RAGHUNATHA REDDY : The first question relates to complaints received during the last three years. Certain complaints were made against the selling arrangements made by the companies. Details of the selling arrangements were obtained from the company and they were examined under Sec. 294 of the Companies Ac.

Regarding the second question, the notification issued relating to the Sarkar Commission with terms of reference has been supplied to the Members and it is for them to interpret it.

**SHRI S. M. BANERJEE :** What is this answer, Sir ?

The question is : is the Modi house included or not ?

I am speaking in plain English. If he wants, he can speak in English or Bengali.

**MR. SPEAKER :** You must know the Rules. He said that the notification is there.

**श्री हुकम चंद कछवाय :** अध्यक्ष महोदय, मैं कितनी बार खड़ा हुआ ? मैंने आपको इस के लिए चिट्ठी भी लिखी है। मेरे पास काफी जानकारी है, मैं उस क्षेत्र से होकर आया हूँ। आप मुझे सवाल क्यों नहीं पूछने देते हैं।

**MR. SPEAKER :** Two Members from your party have already asked questions.

Next question.

**श्री हुकम चंद कछवाय :** आप चाहते हैं कि मोदी का और सरकार का जो संबंध है वह हाउस के अन्दर खुले नहीं ? आप मुझे पहले जवाब दीजिए इसका...

**Agreement between West German Firm and Hindustan Machine Tools Ltd.**

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\*332. **SHRI CHENGALRAYA NAIDU.**

**SHRI MAYAVAN.**  
**SHRI DHANDAPANI.**  
**SHRI N. R. LASKAR.**  
**SHRI SAMINATHAN.**

Will the Minister of INDUSTRIAL DEVELOPMENT, INTERNAL TRADE & COMPANY AFFAIRS be pleased to state :

(a) Whether it is a fact that the Hindustan Machine Tools Ltd. and West German Firm M/s. Hormann kolb have signed an

agreement for the exchange of technical personnel to achieve optimum utilisation of specialised skills of both the firms;

(b) if so, the main features of this agreement; and

(c) how far the agreement will help the Hindustan Machine Tools Ltd. ?

**THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE AND COMPANY AFFAIRS (SHRI RAGHUNATHA REDDY) :** (a) to (c). A statement is laid on the Table of the House.

#### Statement

(a) to (c). A memorandum of understanding between Messrs. Hermann Kolb, Koeln of the Federal Republic of Germany and Hindustan Machine Tools was signed on 23rd January, 1970. This memorandum of understanding provides for (i) joint development and manufacture of heavier and sophisticated radial drills, (ii) progressive take over of manufacture of the basic machine tool portion of Kolb Numerically controlled drilling machines and (iii) exchange of technical personnel between Messrs. Hermann Kolb and Hindustan Machine Tools for achieving optimum utilisation of specialised skills of both the parties. This arrangement will promote the sale of radial drills in the export market as the designs will be reviewed jointly by both the parties to up-date the product.

**अध्यक्ष महोदय :** माननीय सदस्य की कोई चिट्ठी भेरे सामने नहीं आई है। श्री नायडू। (व्यवधान)

**श्री हुकम चंद कछवाय :** क्या आप चाहते हैं कि यहां पर मोदी की पोल न खुले ? क्या आप सरकार की मदद कर रहे हैं ? मुझे सवाल पूछने दीजिए। (व्यवधान)

**SHRI SHRI CHAND GOYAL :** Kindly give him an opportunity, please give him an opportunity to ask a question.

**MR. SPEAKER :** I am Sorry; I have called the next Question.