

**Shri D. C. Sharma:** From the statement I find that Rs. 35 lakhs were sanctioned for the building of the University, but no grant has been paid so far. May I know when the grant for building will be paid?

**Dr. K. L. Shrimall:** I want to know to which item the hon. Member is referring because there are several items.

**Shri D. C. Sharma:** Item 1 in the statement.

**Dr. K. L. Shrimall:** The position with regard to these grants is that the Visiting Committees discuss the various items with the University authorities and grants are sanctioned for which ever items are considered immediate. Some are to be given next year and in different phases and in that way the grants are disbursed.

Now, with regard to this particular item, I shall need further notice to clarify.

**Shri D. C. Sharma:** From the statement I find that the University Grants Commission has sanctioned large grants, but only very small amounts of those grants have been paid so far. Under item (i), the building grant is about Rs. 12 lakhs and only Rs. 3 lakhs have been paid so far. May I know the reason why grants are being paid so slowly?

**Dr. K. L. Shrimall:** As I explained, the requirements of the Universities are discussed by the members of the Visiting Committee which is appointed by the Commission. The discussion is held with the Vice-Chancellors and heads of departments and various other university authorities concerned, such as engineers, architects etc. and it is after that discussion that certain evaluations are made with regard to the demands of a particular University and it is after that that the University Grants Commission comes to certain conclusions.

As I just now pointed out, certain demands are made by the Universities. But, they cannot spend all the amount

at a time; and, therefore, the grants are given in certain phases. For example, I might inform the hon. Member that for the departments of mathematics, physics, chemistry and botany, the University asked for Rs. 95,78,000 and the University Grants Commission sanctioned Rs. 75 lakhs. In addition, a sum of Rs. 15,10,000 has been approved for the second phase. The grant has been approved but the amount has not been paid; therefore, it has not been shown. After the scheme has been approved, the grants are issued in certain phases.

#### Life Insurance Corporation

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 Shri Morarka:  
 Shri Nathwani:  
 Shri Ansar Harvani:  
 Shri Vajpayee:  
 Shri Kalika Singh:  
 Shri Naushir Bharucha:  
 Shri Ram Krishan:  
 Shri Supakar:

Will the Minister of Finance be pleased to state:

(a) whether it is a fact that some offers have been received by the Life Insurance Corporation for the repurchase of shares in the Mundhra group of companies;

(b) if so, the nature of such offers;

(c) the names of the parties from whom these offers have been received; and

(d) the decision, if any, taken on these offers?

**The Deputy Minister of Finance (Shri B. R. Bhagat):** (a) to (d). A statement is laid on the Table of the Lok Sabha. [See Appendix V, annexure No. 2.]

**Shri Morarka:** From the statement it appears that one offer from Damodar Chowbay & Co., could not be accepted because of certain terms and conditions imposed by this firm. May I know what were those conditions?

**Shri B. E. Bhagat:** The conditions that they mentioned while making the application were that the Corporation should pass on a good title and also that the shares should be good. And, some of these conditions were such that the Corporation was not in a position to accept.

**Shri Morarka:** What was the difficulty in accepting these conditions that the title should be passed on and that the share certificates should be good? Is there any doubt that the shares are not good and that good title could not be passed on by the Corporation to the purchaser?

**Shri B. E. Bhagat:** Sir, it is not for me precisely to say. But, actually, the Corporation went into this question. They were not convinced that all the shares they held were good shares; and, obviously, they were not in a position to accept that condition.

**Shri Damani:** May I know whether the Corporation has got registered all the shares in their name or whether some shares still remain unregistered?

**Shri B. E. Bhagat:** That is too large a question for me. I am not in a position to answer.

**Shri Morarka:** May I know when this offer to purchase the shares was received from Shri Mundhra; for how long this offer was kept open by Mundhra and when were these clarifications sought which were not received from Mundhra, as mentioned in the statement?

**Shri B. E. Bhagat:** The letter from Shri Mundhra making this offer was dated the 28th January. It is said in the letter that the offer was open for 2 weeks. This, the Board considered and a sub-committee of the Board was formed to negotiate with Shri Mundhra. Then, they asked for certain more information and particulars about the shares in question. And, Shri Mundhra said that when he would go to Calcutta he would supply the information. But, later on, he did not supply the information; nor was any effort to contact

him successful. Therefore, the offer lapsed.

**Shri Nanshir Bharucha:** May we know if Shri Mundhra has backed out of his offer to purchase these shares?

**The Prime Minister and the Minister of External Affairs and Finance (Shri Jawaharlal Nehru):** The inference can be drawn. The point is, he sent a certain letter—and he publicised that fact too—that he is prepared to buy them. When the Directors of the Life Insurance Corporation considered this matter, the first step they took was to get certain elucidations etc.—certain guarantees. They never got them from him. He postponed it. The fact is, he replied that he would send particulars later. They never came. So, we may resume that he did not wish to proceed with the offer.

**Shri Supakar:** May I know the original terms and conditions on which Shri Mundhra wanted to purchase these shares?

**Shri Jawaharlal Nehru:** I have got a copy of the letter. Do you want me to read the whole letter?

**Mr. Speaker:** The relevant portion.

**Shri Jawaharlal Nehru:** It reads:

"I apply to buy back the shares in my group of companies which were sold by me, on the following terms....."

The terms mean cash payment, so many shares for so much money and so on.

"This offer is open for two weeks from the date thereof. On acceptance of this offer, I shall deposit securities worth Rs. 50 lakhs to your satisfaction as security for the due performance of the contract by me. The shares which I have agreed to buy back from you will have to be delivered by you to me or to the person I may direct against payment from time to time as I require. The whole transaction will be completed within two months from the

date of acceptance of the offer. If this deal is accepted this will bring approximately Rs. 10 lakhs as profit at your purchase price."

**Shri Kasliwal:** In reply to Shri Morarka, the hon. Deputy Minister has stated that certain conditions which have been imposed by the brokers were not accepted by the Corporation. May I know whether this firm of brokers have also offered any price for the purchase of these shares and if so, whether the price offered was less or more than that which had been paid by the Corporation?

**Shri B. E. Bhagat:** I have no information on that point.

**Shri Joachim Alva:** It is stated that Damodar Chowbay & Company offered to buy 1,90,000 ordinary shares of Jessop and Company Ltd, and that the names of parties on whose behalf the offers were made were not known. May I know whether the Government is taking care to see that the parties are not foreign buyers and whether the Government is examining the position of getting the firm within its own ambit because Government itself places large orders with this firm?

**Shri Jawaharlal Nehru:** The offer was made by some brokers. It has not been accepted by the LIC. I do not know what enquiry Government has got to make about it now. May I point out that Mr. Mundhra's offer was a package offer of taking back all these shares for a certain sum of money which was a little more than what he has been paid. These brokers have offered to buy certain shares, not the whole lot, in Jessops only. It is rather difficult to compare the two.

**Shri Tangamani:** In the statement there are only two offers: one from Damodar Chowbay & Company and the other from Shri Haridas Mundhra. May I know whether there are any other offers to buy either Richardson and Cruddas shares or Jessops shares or any other shares of the Mundhra group concerns?

**Shri Jawaharlal Nehru:** Not that we are aware of.

**Shri B. E. Bhagat:** The offer by Messrs. Damodar Chowbay and Company is with regard to Richardson and Cruddas also. There are two offers one for buying 1,70,000 shares of the Richardson and Cruddas and the other is for the purchase of 1,90,000 shares of the Jessops.

**Shri Jawaharlal Nehru:** Yes, Sir. I am glad my colleague has drawn my attention to this. There are two separate letters from Messrs. Damodar Chowbay and Company: one in regard to Jessops and the other in regard to Richardson and Curddas.

**Shri Tangamani:** Is there any other offer?

**Mr. Speaker:** All the offers have been set out in the statement.

**Shri Jawaharlal Nehru:** We do not know. I would not like to say yes or no because I really do not know. It is for the LIC and it might have got offers or not.

**Shri Morarka:** In view of the fact that Shri Mundhra's offer means Rs. 50 lakhs more than today's market price.....

**Some Hon. Members:** Rs. 10 lakhs.

**Shri Morarka:** No. Comparing the market price, it is Rs. 50 lakhs. May I know whether the LIC would be advised by the Government to pursue this offer and see if Shri Mundhra is still willing to pay that price?

**Shri Jawaharlal Nehru:** No, Sir, for a variety reasons, the primary one being, as I got it from the LIC, that they do not expect Mr. Mundhra ever to fulfil that offer.

**Ordnance Factory, Muradnagar**

\*889. **Shri S. M. Banerjee:** Will the Minister of Defence be pleased to state:

(a) whether any board has been appointed to investigate into the rejection of Service Stores at the Ordnance Factory, Muradnagar; and