

to the previous question is was stated that according to an agreed formula, the list would be prepared. May I know how much progress has been made so far, and whether all the pending cases will be covered in this list?

Shri Datar: Yes. So far as this question is concerned, it was only recently that there was a final agreement. And work has already started in this respect, and Government have material before them for coming to the proper conclusion.

Shri Ram Krishan Gupta: May I know the number of appeals which are still lying regarding this matter?

Shri Datar: I have not got the figures with me just now.

Investigations re: Ruby General Insurance Company

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*1274. { **Shri Ram Krishan Gupta:**
Shri Chuni Lal:
Shri T. B. Vittal Rao:
Shri Pangarkar:
Shri Subbiah Ambalam:
Sardar Iqbal Singh:
Shri Kodiyan:
Shri Warrior:

Will the Minister of Finance be pleased to refer to the reply given to Starred Question No. 1673 on the 21st April, 1961 and state:

(a) whether Government have examined the report of auditors who had investigated into the affairs of the Ruby General Insurance Company; and

(b) if so, the action taken thereon?

The Deputy Minister of Finance (Shri B. R. Bhagat): (a) Yes, Sir.

(b) The findings of the auditors in brief were communicated to the Company and its reply was received and examined. On the advice of the Ministry of Law it has been decided not to take any further action.

Shri Ram Krishan Gupta: The hon. Deputy Minister has just now stated that the reply has been received. May

I know whether it is a fact that there were serious charges of embezzlement against some directors, and whether the auditors have recommended any action against them, and if so, whether such action will be taken?

Shri B. R. Bhagat: I have stated in the main answer that the auditors' report as well as the reply of the company were examined in the Ministry of Finance in consultation with the Ministry of Law, and it has been decided that no further action should be taken.

Shri Ram Krishan Gupta: May I know whether a copy of this report can be laid on the Table of the House?

Shri B. R. Bhagat: Normally, copies of such reports which are confidential are not laid on the Table of the House, because that may affect the company prejudicially.

Shri T. B. Vittal Rao: May we know the nature of the irregularities that have been disclosed by the auditors and the grounds on which the Ministry of Law advised Government not to proceed further?

Shri B. R. Bhagat: If I disclose the details, it would be just as good as laying it on the Table of the House. But, as we have said in the past, the allegations were regarding suppressing the losses or manipulation of the accounts and such other things. The auditors went into it, and they submitted their report, and we got the reply or the explanation from the company. All these things were very fully examined, and legal opinion was taken, and after all this careful examination, we have come to the conclusion that no further action should be taken.

Shri Ram Krishan Gupta: At least the reasons for not proceeding further might be given.

Shri S. M. Banerjee: If there were serious complaints against the particular insurance company, how is it that Government do not contemplate to take any action against them. May

I know what action has been taken by Government?

Shri B. R. Bhagat: We have taken action. When the allegations were made, we appointed two auditors, and they went into the matter thoroughly, and they submitted their report. On that report, we asked for the explanation of the company. All these were placed before the Ministry of Law. Legal opinion was taken. Each allegation, and the reply of the company and the auditors' findings were gone into and examined thoroughly, and we have found that no action could be taken against them; either the charges were such as could not be taken up and proved in a court of law, or the allegations were mere suspicions not based on facts.

Shri T. B. Vittal Rao: What is the auditors' report? How can that be suspicious?

Mr. Speaker: Government can only consult their Law Ministry as to whether any criminal action can be taken or civil action for damages should be taken. The Law Ministry is the highest authority to which any Ministry can apply for legal advice. If the Law Ministry is of the opinion that no criminal case can be filed and no other suitable action can be taken, am I to decide that here?

The Minister of Finance (Shri Morarji Desai): May I say that this was referred to the Law Ministry, and the Law Ministry referred it to the Additional Solicitor-General who went into every point and gave a very clear opinion that there was no justification for any further action?

Shri Sadhan Gupta: May I know whether the Law Ministry has disagreed with the auditors' report?

Shri Morarji Desai: The auditors did not ask for any explanation from the company. The auditors only went into the matter and made an examination of the whole thing and made a report. They did not ask for any explanations, naturally, because, otherwise, allegations would have been made against perhaps the

auditors. That was what the auditors must have thought, and we did not tell the auditors that they should call for an explanation. When their report came, the explanation of the company was not there, and without that it was difficult for us to find out what the facts are, and, therefore, an explanation of the company was called for. The explanation was received. Both the explanation and the auditors' report were sent to the Law Ministry, because they are the fittest judges for advising as to what the legal position is. They referred the matter to the Additional Solicitor-General. The Additional Solicitor-General, after examining everything, has given a definite opinion in detail that there is no justification for any further investigation or action.

Shri Sadhan Gupta: Are we to understand that in the course of their investigation, the auditors did not ask the company to explain the irregularities which they found?

Mr. Speaker: That is what the hon. Minister has said. But how can the auditors come to any conclusion without asking the company to explain?

Shri Morarji Desai: They cannot ask for the explanation. They only reported certain things which were there, certain irregularities as they appeared in the accounts, without asking for any explanation. That was what they sent.

Mr. Speaker: Is that not the duty of the auditors?

Shri Morarji Desai: That is the practice, as it is said. But unless I ask them to call for the explanation of the company also, they would not. I did not want them to do that. Why should we not do it regularly from here?

Shri Tangamani: Can we have the auditors' report?

Shri S. M. Banerjee: The auditors always submit their report together with their recommendations. Has any action been taken on those recommendations?

Shri Rajendra Singh: When the affairs of banking companies or insurance companies are mentioned publicly, it does invariably have an adverse effect on the business of those companies. Ever since this matter was mentioned publicly here in this House and outside, may I know what the business output of this organisation has been, whether it has deteriorated or there has been improvement or the *status quo* continues?

Shri Tangamani: The chairman of the company has said that the business has increased.

Shri B. R. Bhagat: I want separate notice of that question.

Shri Rajendra Singh: My question has not been answered.

Mr. Speaker: The hon. Minister wants notice.

Shri P. R. Patel: May I know whether this company is one of the two big insurance companies in the country, and whether this company has done more work this year?

Mr. Speaker: That was what one hon. Member said.

Shri B. R. Bhagat: I do not have that information. I want notice of the question.

Shri T. B. Vittal Rao: Could we make a submission with regard to the auditors' report? Could it be laid on the Table of the House or placed in the Library of Parliament, because we are all interested in it? This matter has been there for the last one year, and it has not arisen only now. We have been demanding nationalisation of general insurance.

Mr. Speaker: When some allegations are made, it is for Government to appoint a committee or to appoint some auditors to go into the matter, unless it be that a resolution is moved here, and the House itself appoints such a committee. So, some auditors were appointed by Government, and they were asked to look into the matter. The explanation of the company was also taken. The whole thing was then sent to the Law

Ministry. The Law Ministry consulted the Additional Solicitor-General also. Still, hon. Members want to see if something wrong is there, and questions are being put as to whether the business has increased or decreased and so on.

Hon. Members must be anxious to see that no company misbehaves, and if any allegation is made, Government should investigate into the matter and take action. If Government, after such investigation, are satisfied that nothing more could be done and that everything is all right, and that the work is progressing well, what is the meaning in asking them to place the auditors' report on the Table of the House? That might have some bad repercussions in the country. Even if an allegation is made, it is enough.....

Shri T. B. Vittal Rao: We want to satisfy ourselves.

Mr. Speaker: I am not going to allow this.

Shri Khushwaqt Rai: We have a right to get the facts.

Mr. Speaker: Government alone can satisfy themselves with regard to certain matters. When the hon. Member becomes part of Government, I shall allow him to satisfy himself, and not till then. There are certain things which are confidential. Merely because an allegation is made, everything ought not to be placed on the Table of the House. I would not allow such a thing. It is open to Government to claim a particular kind of privilege or secrecy in public interest. I also consider whether national interest is served or not. The Ruby General Insurance Company is said to be one of the big companies here, and if even the slightest allegation is made, the whole company will collapse. Far from being happy that nothing has gone wrong or nothing has been discovered which can be taken to a court of law—I thought hon. Members would be satisfied with this—hon. Members now seem to be wanting to pick holes here

and there by allowing it to be laid on the Table. I will not allow it.

Shri Tyagi: There is one thing. This company operates possibly in foreign countries also.....

Mr. Speaker: Next question.

Education of Children of Government Employees

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*1275 { **Shri Ram Krishan Gupta:**
Sardar Iqbal Singh:
Shri D. C. Sharma:

Will the Minister of Education be pleased to refer to the reply given to Starred Question No. 1405 on the 10th April, 1961 and state:

(a) whether further details have been worked out regarding the scheme for providing education to children of Government employees; and

(b) if so, what they are?

The Minister of Education (Dr. K. L. Shrimali): (a) and (b). The details of the scheme are being worked out in consultation with the various Ministries of the Government of India.

May I add that the Second Pay Commission had recommended that a number of schools should be started with uniform syllabus and common medium all over the country and they should be affiliated to an all-India body. I am glad to inform the House that the Government of India have decided to set up a Central Board of Education to which these institutions could be affiliated and under which the children of these schools would appear for examination. This first step has been taken. We are now trying to locate the institutions or the places where the institutions could be located.

Shri Ram Krishan Gupta: As this scheme has been included in the Third Five Year Plan, may I know whether any amount has been allocated for this purpose?

Dr. K. L. Shrimali: The estimated cost of the scheme during the Third Plan period is Rs. 20 lakhs.

Shri S. C. Samanta: Is it not a fact that the Second Pay Commission also recommended that hostels should be constructed in different towns on a subsidised basis and they will be allocated to students who are children of government employees, on the same lines as the Railways are doing at present? If so, what are Government thinking about it?

Dr. K. L. Shrimali: Yes. The Pay Commission had made that recommendation and we are taking necessary steps to implement it.

श्री भवत दर्शन : श्री.मन्, यह बताया गया है कि विभिन्न मंत्रालयों से इस बारे में परामर्श किया जा रहा है। मैं यह जानना चाहता हूँ कि जो अगला सीजन शुरू होने वाला है, क्या उससे पहले इस बारे में निर्णय हो जायेगा और क्या सेंट्रल बोर्ड आफ एजुकेशन की स्थापना हो जायगी ?

डा० का० ला० श्रीमाली : मुझे यह तो आशा है कि जो अगला सत्र (सेशन) शुरू होने वाला है, उस वक्त तक जरूर यह काम शुरू हो जायगा। जैसा कि मैंने निवेदन किया है, सेंट्रल बोर्ड आफ एजुकेशन को स्थापित करने का निर्णय कर लिया गया है और वह शीघ्र ही स्थापित कर दिया जायगा।

Shri Ranga: Has this general question been discussed at any time in the Cabinet as to what would be the repercussions in the country if this special provision is made for the children of government servants, railway employees, educational department employees and so on, creating a new privileged class of people, leaving the general mass of the people as depressed?

Dr. K. L. Shrimali: I am afraid the hon. Member has not appreciated the difficulty some government employees