

**PUBLIC ACCOUNTS COMMITTEE  
(1966-67)**

**FIFTY-FIFTH REPORT**

(THIRD LOK SABHA)

[Statement made on 18th May, 1966 in the Lok Sabha  
by the Minister of Food, Agriculture, Commu-  
nity Development and Co-operation relating  
to para 4. 128 of the 50th Report of P.A.C.  
(Third Lok Sabha)]



Handwritten notes and signatures, including the number 395 and the date 5/9/66.

**LOK SABHA SECRETARIAT  
NEW DELHI**

**August, 1966/Sravana, 1888 (Saka)**

*Price : 55 Paise*

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CORRECTA TO FIFTY FIFTH REPORT OF PAC(1966-67)  
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<u>Para</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(V)	6	1	A record	A brief record
1	1.1	8	raised	asked
5	1.19	10	normally	"normally
		11	days	days"
6		3	order	order,
9	1.36	7	noting	notings
		27	mode	more
13		11	might been	might have been
		32	Controller	Control
		35	-do-	-do-
		40	-do-	-do-
20		10	body	body
32.	col.4	3	units from	units only from
		12	which	(which
		13	1963	1963)

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\*Not printed. One cyclostyled copy laid on the Table of the House and 5 copies placed in Parliament Library.

# PUBLIC ACCOUNTS COMMITTEE (1966-67)

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Shri R. R. Morarka

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22. Col. B. H. Zaidi

## SECRETARIAT

Shri N. N. Mallya—*Joint Secretary*  
Shri H. N. Trivedi—*Deputy Secretary*  
Shri R. M. Bhargava—*Under Secretary.*

## INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee do present on their behalf the Fifty-fifth Report on the Statement made on 18th May, 1966 in the Lok Sabha by the Minister of Food, Agriculture, Community Development and Co-operation relating to para 4.128 of the 50th Report of the P.A.C. (Third Lok Sabha).

2. The Public Accounts Committee at their sitting held on the 13th July, 1966 decided to appoint a Sub-Committee to consider the matter.

3. The Sub-Committee and the main Committee considered and approved the Report (now Chapter I) at their sittings held on the 26th July, 1966.

4. As mentioned in Chapter II of this Report, the Committee were subsequently requested by Shri C. Subramaniam, Minister of Food, Agriculture, Community Development and Co-operation to give him an opportunity to meet the Chairman and the members of the Public Accounts Committee. His evidence was recorded at their sitting held on 1st August, 1966, by which time, the Committee had already finalised their Report (now Chapter I). This late request from the Minister has caused some avoidable inconvenience to the Committee. They hope that such a situation would not arise in future and this case will not be treated as a precedent.

5. The Committee considered and approved Chapter II of this Report at their sitting held on 2nd August, 1966.

6. A record of the proceedings of the sittings of the Sub-Committee and the main Committee has been maintained and forms part of this Report (Part \* II).

7. The Committee place on record their appreciation of the assistance rendered to them in their examination by the Comptroller and Auditor General of India.

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\*Not printed. (One cyclostyled copy laid on the Table of the House and five copies placed in the Parliament Library).

(vi)

They would also like to express their thanks to the Minister of Food, Agriculture, Community Development and Co-operation, and the Secretary, Ministry of Iron and Steel for the co-operation in giving detailed information asked for during the course of evidence.

*NEW DELHI;*

*August 3, 1966.*

*Shavana 12, 1888(S).*

*R. B. MORARKA,*

*Chairman,*

*Public Accounts Committee.*

## CHAPTER I

On the 18th May, 1966, Shri C. Subramaniam, the Minister of Food, Agriculture, Community Development and Cooperation, who was during the relevant period (November, 1962 to July, 1963), the Minister of Steel and Heavy Industries (hereinafter referred to as 'the Minister') made a statement in the Lok Sabha with regard to the supplementaries asked on the 17th May, 1966 arising out of the starred question No. 1609 dated 13th May, 1966. After the statement of the Minister, a number of supplementaries were raised. According to the Minister, certain material facts were not placed before the Public Accounts Committee when they considered the matter. In this context the hon. Speaker observed as under:

".....The Minister has said that all these facts were not before the Public Accounts Committee. We will send it on to the Public Accounts Committee. If they feel that they have considered all these questions, they can say that.... and if they want to look into that and modify their opinion they can do that also...."

1.2. The statement of the Minister as well as the supplementaries raised on that are at Appendix I.

1.3. At their sitting held on 13th July, 1966 the Public Accounts Committee decided to appoint a sub-Committee consisting of the following Members to consider this matter:

Shri R. R. Morarka—Chairman

### *Members*

2. Shri Shivaji Rao S. Deshmukh
3. Shri Cherian J. Kappen
4. Shri M. R. Krishna
5. Shri B. P. Maurya
6. Shri Prakash Vir Shastri
7. Shri U. M. Trivedi
8. Shri M. C. Shah



14. The sub-Committee took evidence of the Secretary, Ministry of Iron and Steel in this connection at their sitting held on 21st July, 1966.

15. The Public Accounts Committee (1965-66) in para 4.128 of their Fiftieth Report had observed as under:

"The Sub-Committee are unable to understand the circumstances under which the Minister changed his previous orders so soon that the business suspension with M/s. Amin Chand Pyarelal group of firms should not be communicated to other Govt. departments."

16. The Committee had made this observation on the basis of the evidence tendered before them by the Secretary, Ministry of Iron and Steel as summarised in paras 4.126 and 4.127 of their Fiftieth Report (1965-66) and in particular, the Committee would like to refer to the reply given by the Secretary on 10-3-1966 to a specific question put to him:

"Q. Why Minister changed his mind that it should not be communicated to other departments.

A. I cannot answer what made the Minister to do so."

17. In the opinion of the Committee, the following points out of the Minister's statement need examination by them:

1. that the order suspending transaction for the first time between this firm (Amin Chand Pyarelal group of firms) and H.S.L. was passed by the Minister in December, 1962;
2. that it is rather surprising to him that an observation should have been made suggesting that he had reconsidered certain orders without adequate reason;
3. that his first order dated 28th June, 1963 was sent to the Iron and Steel Controller in a draft form;
4. that on 20th July, 1963, one of the representatives of this firm—Mr. Jit Paul sought and had an interview with him, when the representative apologized for what might have been mistakes on their part and made a request that the Iron and Steel Controller might be permitted to deal with them in the usual manner as before;

(On 22nd July, 1963 the representative of the firm wrote a letter to the Minister about his interview with him.)

5. that on full consideration he decided that there was no case for acceding to the request of the firm to be permitted to have dealings with the Iron and Steel Control and that the order of the punishment should stand in regard to dealing with the Iron and Steel Controller;
6. that in view of the assessment of the Transport Ministry, however, he decided to reconsider the decision in regard to application of the suspension order to dealings with the other Ministries.

1.8. The above points raised in the Minister's statement were considered by the committee and are dealt with in subsequent paras.

1.9. It was stated by the Ministry of Iron and Steel that they issued an order on 16th November, 1962 that all business dealings with M/s. Amin Chand Pyarelal group of firms should be suspended by H.S.L. and Iron and Steel Controller until the dispute leading to accumulation of semis at the ports was finally settled. As the dispute between these parties and the Government has not yet (July, 1966) been settled the suspension order is still in force.

1.10. The Committee observe that there is an inaccuracy in the month mentioned by the Minister. The first order of suspension was passed by the Minister in November, 1962 (on 16th November, 1962) and not in December, 1962 as mentioned in the statement. The relevant portion of this order of the Minister is reproduced below:

"Till this matter with M/s. Amin Chand Pyarelal group is finally settled, no contract of any sort should be entered into with them either by H.S.L. or by Iron and Steel Controller....."

1.11. Instructions were accordingly issued by the Ministry on 16th November, 1962 to the H.S.L. as well as to the Iron and Steel Controller for immediate action.

1.12. In the second case, in connection with irregular disposal of nearly 700 tons of imported rounds by M/s. Surrendra Overseas, the Secretary made the following suggestion on 28th June, 1963:

"Suspension of business dealings with the firm (and its allied and associated concerns) by the Iron and Steel Controller for a period of two years will, I think, meet the requirements of the case."

1.13. The Minister did not agree with the Secretary and passed the following order on the same day:

"It should be a general order so that other Government Departments and Institutions also do not deal with these firms."

The above order was passed by over-ruling the suggestion of the Secretary. The order of the Minister was conveyed to the Iron and Steel Controller on 29th June, 1963 (Copy at Appendix II).

1.14. As the order of suspension of 16th November, 1962 was still in force, the suggestion of the Secretary would have meant in effect no action against these firms. Therefore, it is just as well that the Minister did not accept the suggestion of the Secretary.

1.15. The Minister in his statement had stated that his orders dated 28th June, 1963 that the suspension should affect all the Government Deptts. were sent to the Iron and Steel Controller in a draft form. It was stated in written replies furnished by the Ministry of Iron and Steel that the orders of the Minister dated 28th June, 1963 were not conveyed to the Iron and Steel Controller in a draft form. During evidence when the Committee asked the Secretary how he reconciled this with the statement made by the Minister that his orders were sent in a draft form, the Secretary, Ministry of Iron and Steel stated:

"There was a slight or minor error in the Minister's statement.

I had not seen it before it was issued; otherwise I would have pointed it out."

He further added that the orders of the Minister were conveyed to the Iron and Steel Controller on 29th June, 1963 in the following words:

"The matter has been examined and it has been decided that business dealings should be suspended with M/s. Surrendra Overseas and its associated concerns for a period of two years with immediate effect. A general order may please be issued immediately under the black-listing code, so that other Government Deptts. and Government Institutions may also not deal with these firms for a period specified above. A copy of the order may please be sent to me as soon as it is issued."

1.16. Asked further if, according to his understanding, the above quoted order was in a draft form or was it a final order, he stated:

"At that time my understanding was that it was a complete order."

1.17. It is significant to note that the orders of the Minister dated 28th June, 1963 were specific, complete and final and they were conveyed to the Iron and Steel Controller as such on 28th June, 1963. In view of the above facts the Committee are unable to accept that these orders were 'in a draft form'.

1.18. The orders of the Minister dated 28th June, 1963 were communicated to the Iron and Steel Controller on 29th June, 1963. It is pertinent to mention here that it is on record that these orders were issued after the Deputy Secretary, Ministry of Iron and Steel had discussed this case with the Dy. Iron and Steel Controller, who also felt that the decision should be in respect of not only M/s. Surrendra Overseas but also all their allied concerns. It is strange to note that the same Dy. Iron and Steel Controller changed his mind and on 6th July, 1963, he forwarded a draft of an order in which he proposed suspending business dealings with this group of firms but enquiring if the proposed order should cover two re-rolling mills and a shipping concern. The matter was re-considered in the Ministry and it was decided on 12th July, 1963 that the suspension should apply to those concerns which dealt primarily in trade and commerce. The two re-rolling mills were accordingly excluded from the scope of the suspension order. The revised instructions were issued on 12th July, 1963 to the Iron and Steel Controller and he was also requested that the orders (regarding suspension of business dealings) might be issued immediately and a copy sent to the Ministry.

1.19. Instead of acting immediately on the instructions issued by the Ministry on 12th July, 1963 the Iron and Steel Controller made a second back reference on 17th July, 1963 (copy at Appendix III) enquiring if suspension order was to be applied to Apeejay Lines, which was a shipping concern. He also added that before suspension order is passed in regard to international Shipping line, perhaps the Ministry of Transport should also be consulted. He further sought instructions clarifying as to whether the order was proposed to be issued under para 5 of the Standardized Code of black-listing. This letter of the Iron and Steel Controller should normally have been received in the Ministry in about two days i.e. on 18th or 19th July, 1963. It was, however, dealt with by the Deputy Secretary on 22nd July, 1963. Meanwhile, Mr. Jit Paul—a representative of the firm sought and had an interview with the Minister on 20th July, 1963.

1.20. The Committee pointed out that the Iron and Steel Controller in his letter dated 6th July, 1963 had made a reference to all the three firms—two re-rolling mills and a shipping concern and the Deputy Secretary who processed this case wanted to exclude two re-rolling mills and to this the Secretary and the Minister agreed on

9th July, 1963 and 12th July, 1963 respectively. The Committee enquired when the Ministry gave a revised order on 12th July, 1963 after considering Iron and Steel Controller's letter dated 6th July, 1963 what was the necessity for the Iron and Steel Controller to make a second reference on 17th July, 1963. In view of the principle enunciated by the Ministry in their letter dated 12th July, 1963 that the firms which primarily dealt in trade and commerce were to be covered by their order there was no scope for the Iron and Steel Controller to make a second back reference. A shipping line was certainly covered by trade and commerce. It was not an industrial concern. To this the Secretary, Ministry of Iron & Steel replied:—

"I would only say that our own letter of the 12th (July, 1963) was not very specific on this point."

1.21. The Committee feel that after the clarification given by the Ministry of Iron and Steel on 12th July, 1963 that the suspension should apply to those allied and associated concerns which primarily dealt in trade and commerce, there was no point in the Iron and Steel Controller making a second back reference on 17th July, 1963 since a shipping line is normally to be included in trade and commerce. The Ministry had applied its mind to this case on 12th July, 1963 when they excluded industrial units only from the scope of this order. The Committee regret to note that this reference of the Iron and Steel Controller dated 17th July, 1963 lacked justification and delayed the implementation of the order of the Minister dated 28th June, 1963 (which was to be carried out immediately as per the instructions issued on 29th June and 12th July, 1963) by more than a month. The final orders were issued only on 31st July, 1963.

1.22. The Committee enquired as to why some of the 21 firms mentioned in the list of associated firms of Messrs Amin Chand Pyarelal furnished to the P.A.C. (1965-66) and included in Appendix XXXIX of their 50th Report, as also the one referred to in the Iron and Steel Controller's letter dated 23rd December, 1957, had not been included in the suspension order issued on 31st July, 1963. The Secretary promised to check up why other firms were not included in the order.

1.23. The Committee would like to be informed about this in due course.

1.24. The Minister in his statement further stated that on 20th July, 1963, Mr. Jit Paul—a representative of the firm sought and had an interview with him.

1.25. In written replies to questions as to (i) how the representative of the firm came to know that some action was being taken against his firm between 28th June, 1963 and 20th July, 1963 (ii) whether any communication was sent to the firm by the Ministry or the Iron and Steel Controller, and (iii) whether action for suspending business dealings was not confidential, the Ministry of Iron and Steel stated as under:

“No communication was sent to the firm by the Ministry of Iron and Steel. It is confirmed that this was a confidential order. It has been verified from the Iron and Steel Controller that he did not send any communication to the firm. It is not known how Shri Jit Paul came to know about the order.”

1.26. During evidence the Committee enquired if the orders regarding suspension of business/black-listing were confidential, how the representative of the firm came to know about it. The Secretary stated “We do not know as to how he came to know about that. . . . Unfortunately certain things always are leaked out and we do not know as to how they are leaked out.”

1.27. The Committee enquired if any inquiry had been made about this leakage of confidential information the Secretary replied in the negative.

1.28. In this case the Iron and Steel Controller made a second back reference to the Ministry of Iron and Steel on 17th July, 1963. It would have been received on or about 19th July, 1963 in the Ministry in New Delhi. It is a strange coincidence that the representative of the firm saw the Minister on 20th July, 1963 i.e. about the same time the second reference from the Iron and Steel Controller was received in the Ministry. It appears to the Committee that the information regarding suspension of business dealings had already leaked out to the party concerned. They regret to note that inspite of the fact that such orders are confidential, a leakage took place and that no inquiry has so far been conducted by the Ministry into the causes of the same.

1.29. The Committee asked the Secretary why, in his evidence before the P.A.C. (1965-66) from 9th to 12th March, 1966, he did not mention to the Committee that a representative of the firm Mr. Jit Paul had seen the Minister on 20th July, 1963 particularly as the Minister had discussed this with him and the letter dated 22nd July, 1963 from the firm was on the file. The Secretary, Ministry of Iron and Steel stated:

• “On the note portion I found no reference to the letter. I read note portion. Unfortunately the note made no reference

to this letter. The letter was undoubtedly on the file but I was reading from the notes and the notes unfortunately made no mention of that letter. Otherwise I would have brought it to your notice."

1.30. Thereupon the Committee brought to the notice of the witness the fact that there was a noting on the file dated 25th July, 1963 (immediately after the noting of the Secretary dated 23rd July, 1963 on the same page), mentioning about the letter received from M/s. Surrendra Overseas.

1.31. The Committee regret to note that in his evidence before them in March, 1966, the Secretary did not mention either about the interview of the representative or about the letter from the representative of the firm. This, according to the Committee, was an unfortunate omission.

1.32. In written replies furnished by the Ministry of Iron and Steel it was stated that there was no record on their file to show what discussion took place between Mr. Jit Paul and the Minister except what had been stated in Shri Jit Paul's letter dated 22nd July, 1963 (Appendix IV) as no record of this interview dated 20th July, 1963 was separately available on the official files of the Ministry.

1.33. The Committee pointed out that they did not find any reference to the reasons which made the Minister change on 23rd July, 1963 his previous order dated 28th June, 1963 either in the evidence or in the file. The Secretary in reply stated that the Minister had given reasons in his statement. The Ministry obtained the views of the Transport Ministry. There was his (Minister's) discussion with the representative of the firm. All these were the reasons. Thereupon the Committee pointed out that the views of the Transport Ministry were that Appeejay Lines should not be included. As to why the Minister revised his orders so soon from one of general application to that of suspension applicable to Iron and Steel Controller only was still not clear as no reasons for this change had been recorded.

1.34. Asked how the Minister passed his orders on 23rd July, 1963 that the suspension order should only be restricted to the Iron and Steel Controller and need not be circulated to all the departments, the Secretary stated "He (Minister) subsequently changed his mind." In view of his (Secretary's) noting dated 23rd July, 1963 to the effect that he had discussed the case with the Minister, the Committee enquired whether he (Secretary) contributed to the

change of the Minister's mind, he said "I am afraid that I cannot agree with this."

1.35. The Committee would like to point out that they had not commented upon the exclusion of shipping line or the industrial concerns in para 4.127 and 4.128 of their 50th Report. The Committee, however, even now are unable to understand the circumstances under which the Minister changed his order of 28th June, 1963 from one of general application to that of suspension applicable to the Iron and Steel Controller only and not to other departments of Government. The Committee feel that perhaps the visit of the representative of the firm on 20th July, 1963 might have something to do with the revision of the order of the Minister on 23rd July, 1963. However the reasons for this revision even after the detailed examination by the Committee still remain somewhat obscure, especially in view of the fact that a similar suspension order dated 16th November, 1962 was still in operation.

1.36. In this connection the Committee would also like to mention here that the first order of the Minister dated 16th November, 1962 suspending business dealings between the Iron and Steel Controller and H.S.L. on the one side and these parties on the other was still in force on 28th June, 1963 when the second order of a general type applicable to all the Departments of Government was passed by the Minister. In the office noting dated 27th June, 1963 it was clearly brought out that suspension of business dealings with M/s. Surrendra Overseas and allied concerns is already operative. The order of 28th June, 1963 varied only to the extent that it was a general order applicable to all the departments of the Government and its duration was restricted to two years. The Committee enquired whether anybody brought to the notice of the Minister on 23rd July, 1963 that there was already a suspension order in force or whether this fact was within his knowledge when he revised his order on 23rd July, 1963. The witness stated that in the first office note of 27th June, 1963, on which orders were passed by the Minister on 28th June, 1963, there was a mention of this. Asked whether it was specifically brought to his notice at the time of revision of orders on 23rd July, 1963, the witness stated "I cannot say. Noting does not say, it was specifically brought to his notice." The Committee further asked if the revised order restricting suspension of business to the Iron and Steel Controller only, meant nothing in view of the fact that an earlier suspension order of 16th November, 1962 was still in operation, the witness stated "Yes that would be correct Sir." He, however, added that this order was a specific order for 2 years. The period of the first order was indeterminate, it could be mode, it could



be less. Asked if it would not mean that this firm suffered no penalty at all for this second irregular transaction, the witness stated "Eventually yes."

1.37. It is obvious that the revision of the orders made on 23rd July, 1963, meant in effect, that no action whatsoever, was taken against this group of firms in this case as the earlier order of suspension was still in operation. This indicates that "full consideration" was not given at the time of revising the orders.

1.38. The Committee have examined in detail the statement made by the Minister on 18th May, 1966. In view of what has been mentioned in foregoing paras the Committee feel that the views already expressed by them in para 4.128 of their 50th Report do not require any modification.

1.39. In his statement the Minister made the following observation:

"It is rather surprising to me that an observation should have been made suggesting that I had reconsidered certain orders without adequate reason."

In view of the above facts, the Committee feel that the above observation of the Minister was rather unfortunate.

## CHAPTER II

The preceding paragraphs represent the findings and conclusions of the Committee which they arrived at after hearing the representatives of the Ministry and would have been embodied as a final report of the Committee to the House. In fact the report to this effect was drafted and approved by the Committee on the 26th July, 1966. But on the afternoon of the 27th July, 1966, a letter was received by the Chairman, Public Accounts Committee from the Minister of Food, Agriculture, Community Development and Co-operation requesting that he should be given an opportunity to meet the Chairman and Members of the Public Accounts Committee before they finalise their report in this regard.

2.2. As there was no precedent for a Minister appearing before the Public Accounts Committee, the direction of the Speaker was sought. The Speaker directed that the Chairman, P.A.C. should have a talk with the Minister of Food, Agriculture, Community Development and Co-operation in the first instance and thereafter if the Chairman considered it desirable that the Minister should appear before the Committee, the Minister might be permitted to do so, in which case his evidence should be recorded. The Committee were apprised of this by the Chairman on 28th July, 1966.

2.3. In accordance with the above direction of the Speaker, the Chairman met the Minister of Food, Agriculture, Community Development and Co-operation in the afternoon of 29th July, 1966. At this meeting, the Minister formulated the following three points:

- (1) That the change made on 23rd July, 1963 in his orders of 28th June, 1963 was because of the apology given by the firm's representative followed by a letter written to him (Minister) on the 22nd July, 1963. The Minister thought that in view of that apology this group of firms might be given one more chance and, therefore, he decided to take a lenient view.
- (2) That the Minister's final orders dated 23rd July, 1963 were more comprehensive in scope than his order of 16th November, 1962 inasmuch as the order of 16th November, 1962 limited only entering into contracts; but subsequent order of the 23rd July, 1963 also included other things and it included other steel plants apart from H.S.L.

- (3) That even originally on 28th June, 1963 his order was not intended to be a black-listing order but only a general one which would enable the other departments of Government to suspend business with this group of firms.

2.4. After discussion it was agreed between the Chairman and the Minister that the Committee should hear the Minister on these three points.

2.5. The Committee, therefore, held a further sitting on the 1st August, 1966 at 17.30 hours to take the evidence of the Minister on the above three points.

(1) *Reasons for the revision of order:*

2.6. In March, 1966, the Secretary, Ministry of Iron and Steel did not indicate the reasons which led the Minister to revise his orders. Even in the statement made by the Minister on 18th May, 1966 in Lok Sabha these reasons were not clearly spelt out. In that statement, the Minister had observed *inter alia* "In view of the assessment of the Transport Ministry, however, I decided to reconsider the decision in regard to application of the suspension order to dealings with other Ministries. Accordingly the order was issued prohibiting the dealings of this firm and allied concerns only with Iron and Steel Controller."

2.7. This seems to indicate that the assessment of the Transport Ministry was mainly responsible for the revision of the order. The Minister in his evidence however emphasised that in view of the apology and assurance of good conduct given by the representative of the firm, he decided to give another chance to this group of firms.

Thus, the Minister has given two reasons for the change of his order.

The Minister, however, agreed that on the facts placed before the Committee they were fully justified in making the observation in para 4.128 of 50th Report

(2) *Scope of the two orders:*

2.8. During the course of his evidence, the Minister explained that the scope of his earlier order dated 16th November, 1962 was a limited one. In that he had indicated that no contract of any sort should be entered into with this group of firms by H.S.L. or by the Iron and Steel Controller, till their dispute with H.S.L. was settled. He stated

that his subsequent order of 23rd July, 1963 in addition to contracts also applied to grant of handling agencies and barter deals. It was, therefore, according to him of wider application.

**2.9. It appears to the Committee that the first order dated 16th November, 1962 was all along regarded by the Ministry as an order of suspension of dealings.**

In this connection it is pertinent to mention that the revised order (dated 23rd July, 1963) was recorded by the Secretary after his discussion with the Minister. The Secretary, in his evidence had admitted that the revised order restricting suspension of business to I. & S. Controller only meant nothing in view of the fact that an earlier, suspension order of 16th November, 1962 was still in operation except that the period of the first order (dated 16th November, 1962) was indeterminate and it could be more, it could be less.

**2.10. In view of this the Committee are unable to appreciate the distinction which the Minister has drawn. In any case, it was neither spelt out nor so understood by the Department.**

*(3) Nature of the order of 28th June, 1963.*

2.11. Referring to the nature of the order passed by him as to whether it amounted to black-listing or banning the Minister stated that this was now of an academic interest as his final order of 23rd July, 1963 did intend to reduce the rigour of the original order of 28th June, 1963. As far as he was concerned it was meant to be a general order which would enable the other departments of Government to suspend business with this group of firms, if they so desired. The Committee would, however, like to draw attention to the specific wording of the order which read as under:

“It should be a general order so that other government departments and institutions also do not deal with these firms.”

**2.12. In the opinion of the Committee, the phraseology of the order could be interpreted to mean a black-listing order. The Committee feel that orders of this nature should be spelt out in clearer terms within the provisions of the standardised code of black-listing.**

**2.13. While on the subject, the Minister made a suggestion that when an order passed by a particular authority was materially**

changed by him, it would be only proper that the revised order was put up to him for his confirmation.

2.14. The Committee regret to note that this was not done in this case. The Committee suggest that suitable instructions should be issued to this effect.

NEW DELHI;  
August 3, 1966.

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Sravana 12, 1888 (S).

R. R. MORARKA  
Chairman,  
Public Accounts Committee.

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## **APPENDICES**

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## APPENDIX I

(Ref. Para 1.2)

*Statement made by Shri C. Subramaniam, Minister of Food and Agriculture in Lok Sabha on the 18th May 1966 clarifying his position with regard to supplementary Questions raised on 17th May, 1966 arising out of starred Question No. 1669.*

Mr. Speaker, Sir,

I rise to make a statement of personal explanation with regard to a reference yesterday regarding certain orders passed in the matter of Aminchand Payarelal. I had stated yesterday that I was not the Minister concerned as I had been under the impression that the question under discussion in the House related to the issue of import licences to this firm before I took over as Steel Minister.

I had not been aware that the Public Accounts Committee had commented on certain orders I had passed during my tenure as Minister in charge of Iron and Steel. I may at the outset point out that these orders related to penal actions initiated by me against Aminchand Payarelal and allied concerns for irregularities committed by them in the period 1956-57 to 1960. An order suspending for the first time transactions between this firm and the Hindustan Steel Ltd., was passed by me in December, 1962. Subsequently, a case was brought to my notice in which Surendra Overseas, an allied concern had imported nearly 700 tons of rounds in 1956-57 and had not accounted for them adequately. Although, the advice tendered to me by the Legal Department was that under the then existing regulations no legal action could lie against the party, in order to discipline the trade I took the further step of suspending transactions between this Company and also its allied concerns and Government.

It is rather surprising to me that an observation should have been made suggesting that I had reconsidered certain orders without adequate reasons. Actually when my first order dated 28th June, 1963 that the suspension should affect all Departments of Government was sent to the Iron and Steel Controller in a draft form the question was whether the order should be a blanket one covering both trading concerns and production and other non-trading units. It was brought to my notice that one of the concerns was a steel rolling mill engag-

ed in production. I decided, therefore, that this need not be covered by the order of suspension. I was also advised that we had to consult Transport Ministry with regard to taking action against APJ lines, one of the concerns in the group engaged in shipping.

Meanwhile, on the 20th July, 1963, one of the representatives of this firm Mr. Jit Paul sought and had an interview with me. I took strong objection to the activities of his concerns and advised him that it would be better that his firm concentrated activity on productive industrial enterprises rather than on trade. It was brought to my notice that the concern had started a number of industrial units. The representative apologised for what might be mistakes on their part and made a request that the Iron and Steel Controller might be permitted to deal with them in the usual manner as before. I quote from a letter from that firm dated 22nd July, 1963.

"I also beg to submit, Sir, that I appreciate your remark that some of my transactions in the Trade in the past have not been to your satisfaction. I admit that there have been certain mistakes on my part but they were mostly due to the circumstances then prevailing and in view of the day to day negotiations which took place during those days. If any such case came up to your notice, I request that I may be given a chance to explain my position, so that you may have a fuller picture of such cases. Nevertheless, I express my deep regret at whatever mistakes might have occurred in my transactions in the past and for any annoyance I may have given you. I again give this assurance to you, Sir, that all my future transactions shall strictly conform to the high standards you have fixed and I shall not give any cause for complaint."

On full consideration, I decided that there was no case for conceding the request of the firm to be permitted to have dealings with Iron and Steel Controller and that the orders of punishment should stand in regard to the dealings with the Iron and Steel Controller. This meant in effect that the companies could not get licences from Iron and Steel Controller for trading purposes.

In view of the assessment of the Transport Ministry, however, I decided to reconsider the decision in regard to application of the suspension order to dealings with other Ministries. Accordingly the order was issued prohibiting the dealings of this firm and allied concerns only with Iron and Steel Controller.



I regret that due to a misunderstanding of what was being discussed in the House I had denied that I was the Minister concerned.

I would like to reiterate that it should be remembered that it was I who initiated proceedings against the concern and suspended all transactions between my Ministry and the concern.

I hope I have clarified the position to the full satisfaction of the House.

**Shrimati Renu Chakravartty:** What Mr. Prakash Vir Shastri said was basically correct. He had said something different. The point was that the entire question need not have been placed again before the House. The question was whether he had said it or not. The whole explanation has already been given to the Public Accounts Committee and the Public Accounts Committee has made a recommendation or a statement and it is not necessary.

**Mr. Speaker:** In view of the present statement, I thought I would ask the Chairman of the Public Accounts Committee to make a statement.

**Shri Ranga:** What is there wrong in the statement?

**Shrimati Renu Chakravartty:** He is trying to white wash what he has done.

**Mr. Speaker:** I had thought that I might ask the Chairman of the Public Accounts Committee to see this statement that has been made today and then to tell the House whether they ought to revise their remarks or to say something in respect of what has happened.

**Shrimati Renu Chakravartty:** He has said the correct thing. The basic understanding of the PAC is correct, and therefore, this long statement should not have been allowed.

**Shri Ranga:** I am sorry I have not read the report of the Public Accounts Committee, but I made myself responsible the other day, you will remember, for making the suggestion that there should be a blanket order once they were discovered to have indulged in blackmarketing in that manner and we were given the impression that there was no such blanket order. Later on we gathered the impression that on the intervention of some Minister this blanket order was not passed, and also some permission was given for those people to get these supplies for some of their concerns. It was in that connection I made the suggestion that there should be a thorough enquiry into the whole matter. Therefore, I do not see

any reason why we should take any exception to the statement made by the Minister. On the other hand, I feel, subject to correction, subject to what the PAC would say later on, that if the facts as revealed to us by the Minister are correct, that he has passed these blanket orders preventing them from obtaining these permits from some other departments, from some other ministries, the Minister has acted correctly.

**Shri Surendranath Dwivedy:** Matters are, I think, more confused than before in the sense that the Public Accounts Committee is a responsible body which has come to certain findings after knowing the Ministry's views on these matters.

**Shri C. Subramaniam:** No, no.

**Shri Surendranath Dwivedy:** They had the full statement before them. They would not give a finding that the Minister is in any way responsible before getting a statement about this, and therefore they have mentioned.

**Mr. Speaker:** Members should appreciate my point I am also supporting him.

**Shri Surendranath Dwivedy:** I have not finished. What I am pointing out is that he has agreed that he was the Minister concerned at that time. What particular matter the PAC took into account and what particular matter he is referring to are not very clear.

**Mr. Speaker:** That is what I wanted to make clear. I have also seen the statement just now. He had passed orders prohibiting all transactions with other ministries as well. Later on when it was urged on him and the firm expressed regret and also promised to behave better, he advised them not to indulge in trade but to confine themselves to productive activities. They wanted that they might be allowed to have these relations or transactions with other ministries so that they might just continue their business in that production. Afterwards he allowed the ban to remain so far as his ministry was concerned and removed the restrictions so far as the other ministries were concerned. That is what I have understood to be the correct position. In that context, Mrs. Renu Chakravarty is also insisting that so far as the PAC is concerned, it has made the remark that Minister had relaxed this prohibition and the Minister himself has said that it was correct.

**Shrimati Renu Chakravarty:** Upto this point, Mr. Subramaniam's statement and the PAC. statement corroborate each other. The

point at which they create different impressions is this. The PAC is surprised that this was done. Mr. Subramaniam says that there is nothing to be surprised about it, for these reasons. My point is that the whole matter should be placed before the PAC—not before this House. We are not in a position to study these things now.

**Shri C. Subramaniam:** These materials were not placed before the PAC. Let them go before the PAC.

श्री प्रकाशचौर साहूजी : अध्यक्ष महोदय, बड़ी स्पष्ट सी घोर मोटी सी भाषा में मैं आपसे निवेदन करना चाहता हूँ कि पब्लिक एकाउंट्स कमेटी ने काफ़ी छानबीन करने के बाद घोर किन्हीं चीजों की तह में जाने के बाद अपनी रिपोर्ट पार्लियामेंट को पेश की। उसमें स्पष्ट रूप से यह कहा—कि एक मिनिस्टर ने इस तरह से समय समय पर अपने घाड़र को बँड किया। क्यों उस घाड़र को बँड किया, उसके पीछे क्या भावना थी, पब्लिक एकाउंट्स कमेटी कहती है कि हम अभी तक नहीं समझ सके कि क्यों इस प्रकार के बारबार परिवर्तन किये। इसके बाद जब सदन में यह बात घायी कि घाख़िरकार वह कौन साहब है, यह बताया जाय। जिम्मेदार मिनिस्टर जो इस समय इस विभाग के हैं उन्होंने उनका नाम बताया। दूसरी तरफ से खड़े होकर वह कहते हैं कि मैं नहीं हूँ। अब इसके ऊपर जो अभी तक बक्तव्य घायी है इस बक्तव्य से तो पब्लिक एकाउंट्स कमेटी की जो फाइंडिन्स हैं, उसके जो निष्कर्ष हैं इन पर एक घापति घायी है, कि पब्लिक एकाउंट्स कमेटी अपने निष्कर्ष पर ठीक नहीं पहुँच सका। इस प्रकार से कोई भी कमेटी जिसको आप नियुक्त करेंगे और जो सदन के प्रति उत्तरदायी होगी, कभी कोई कार्य नहीं कर सकेगी अगर इसी प्रकार से उसकी छीछालेवर होगी।

मैं यह चाहता हूँ कि अब जब यह अध्याय खुल ही गया है और यह सारी चीज सामने आ गई है, श्री टी० एन० सिंह ने कल उनका नाम लिया और यह कहते हैं कि मैं ही नहीं हूँ, मुझसे पहले से यह है या जो भी कुछ चीज हो..... (श्वषधान) मेरा घपना कहना यह है कि आज जब यह प्रकरण खुल गया तो बिल्कुल उसकी तह तक जाना चाहिए ताकि दूसरे मिनिस्टर ऐसा न कर सकें और इस प्रकार जो करोड़ों रुपये का गोलमाल जनता के धन का हो रहा है वह गोलमाल न हो सके। इसके ऊपर कोई जांच कमेटी बैठनी चाहिए।

**Shri S. M. Banerjee:** Sir, here is a statement made by the hon. Minister clarifying his position. All the facts which he has brought here now, I am told, were brought before the PAC. I am not a member of the PAC but I know that before writing their report or before making any reference or imputing any motive to any member of this House or any Minister, they verify all matters. You have correctly said that this should be referred to the PAC. May I invite your attention to another similar case. I am not imputing any motive.. There was a similar question which engaged the attention of the House, that was the famous Sleepers case.

**Mr. Speaker:** I know that. He need not repeat it.

**Shri S. M. Banerjee:** I am not referring to that. I only want to point out that the then Speaker, Shri Ananthasayanam Ayyangar, referred the entire question again to the Public Accounts Committee, to the late Feroze Gandhi, who was its Chairman. Then an enquiry was made.

**Mr. Speaker:** I have already said that one need not comment upon those matters.

**Shri S. M. Banerjee:** Just one second more, Sir. What I want is, now that it is under dispute between the Public Accounts Committee's observations and the Minister's statement, let there be a Committee of this House appointed to go into the entire question.

**श्री बंधु लिखड़े :** अध्यक्ष महोदय, सबसे पहले मुझे खेद है कि कल जब मंत्री महोदय का नाम लिया गया तो उन्होंने सदन . . . . .

**अध्यक्ष महोदय :** उन्होंने साफ कर दिया कि मेरी गलतफहमी थी।

**श्री बंधु लिखड़े :** लेकिन कल इस को लेकर दो धमियों के बीच फ्री स्टाईल में कुत्ती हो गयी तो क्या उस से सदन की प्रतिष्ठा को धक्का नहीं लगेगा ?

मैं दूसरी बात यह छबंध करना चाहता हूँ कि जो उन्होंने अपने हृदय परिवर्तन की कहानी हम को बताई है, उस के अलावा इस बक्तव्य में कुछ नहीं है। मैं नहीं जानता कि इस हृदय परिवर्तन के क्या भौतिक और आध्यात्मिक कारण हैं लेकिन एक बात बिल्कुल साफ है कि मंत्री महोदय जब बक्तव्य देने हैं तो स्पष्टीकरण करने के बजाय जो बसला है उस को घूमिल बनाने की कोशिश करते हैं और लोगों की आंखों में धूल फेंकते चले जा रहे हैं। मैं आप से जानना चाहता हूँ कि कल श्री जर्जीन्द्र चौधरी के बयान और अभी श्री सुब्रह्मण्यम् के बयान क्या दोनों से बिल्कुल साफ नहीं हो गया है कि स्थिति को छिपाने के लिए मंत्री महोदय बक्तव्य करने के अपने अधिकार का दुरुपयोग कर रहे हैं और सदन की जो कार्य प्रक्रिया है उस में दखल डाल रहे हैं तो जरा आप उन को डांट दीजिए।

**Shri Bade:** The Public Accounts Committee is a most important Committee of Parliament. I was a Member of that Committee for two years. I know that whenever there is such a point of criticism made against a Minister, a special letter is sent to them and an explanation is called from them, and then only a meeting of the Committee is called and strictures are passed against the department or the Minister concerned. I want to know whether this particular instance was not referred to the Minister. I do not know why Shri Ranga has taken the wrong side in defending him. (*Interruption*)

**Mr. Speaker:** Order, order.

**Shri Bade:** As a matter of fact, you have given the right decision and you have given a right direction, namely, that it should be referred to the Public Accounts Committee, but I submit that there should be an enquiry into the matter.

**Some hon. Members rose—**

**Mr. Speaker:** Order, order. Different suggestions have been made but the best course, I think, would be.....

**श्री सिंहासन सिंह :** अध्यक्ष महोदय, मैं एक बात निवेदन करना चाहता था। माननीय मंत्री ने वह चिट्ठी पढ़ कर मुनाई है जोकि उस व्यक्ति ने लिखी हुई है.....

**अध्यक्ष महोदय :** अब चिट्ठी तो उन्होंने पढ़ कर मुना दी है उस पर कमेंट करने से क्या फायदा है ?

**श्री सिंहासन सिंह :** पब्लिक एकाउंट्स कमेटी की रिपोर्ट में है कि एक करोड़ का इम्पोर्ट लाइसेंस दिया गया उसी के अन्तर्गत एक करोड़ के ऐक्सपोर्ट के आधार पर लेकिन वह ऐक्सपोर्ट नहीं किया और एक करोड़ का इम्पोर्ट करके एक करोड़ के फॉरेन एक्सचेंज का लीम हुआ अब उस पर गवर्नमेंट ने जो कुछ किया और मंत्री जी ने जो बयान दिया उस को मैं मासुबाद देना हूँ कि उन्होंने उसको साफ किया लेकिन यह उस की चिट्ठी में है और उसमें उस ने लिखा हुआ है कि मैं आपके इस सब कदम पर अपने को बहुत नाला समझता हूँ। मुझे बड़ा दुःख और तकलीफ हुई कि मैं ने बुरा काम किया है लेकिन पहले जैसे हुआ करता उसी के अन्तर्गत मैं ने किया है। इसमें मालूम हुआ कि पहले इस तरह की नाजायज़ कार्यवाही होती थी यह उस के पत्र में साबित हो जाता है। अब जो आपके पूर्व मंत्री के काम में इस तरह की बुराई प्रचलित थी उस को आपने ठीक करने के लिए क्या प्रयत्न किया ? पहले तो उस को आपने अपने तथा अन्य विभागों में ब्लैक लिस्ट किया उस को पनिश किया किन्तु बाद को आपने किसी कारणवश पनिशमेंट को प्राधा कर दिया वह तो ठीक है लेकिन पूर्व काल में जो अनाचार चलता था जिम्मा हवाला उस ने अपनी चिट्ठी में दिया है उस की जांच होनी चाहिए और उस पर क्या कार्यवाही की जा रही है ?

**Mr. Speaker:** I have already said that, and I stick to that decision of mine. I will ask.....

**Shri Yallamanda Reddy:** Sir, on a point of order.

**Mr. Speaker:** Order, order. Not while I am standing. I have already made my observations and I am of the same opinion even now. The Minister has said that all these facts were not before the Public Accounts Committee. We will send it on to the Public Accounts Committee. If they feel that they have considered all these

questions, they can say that. (*Interruption*). Order, order, They can say like that, and if they want to look into that and modify their opinion, they can do that also. After we have got that report, then it would be for the House to consider whether any fresh investigation or discussion is necessary in that respect. This is no stage for that.

**Shri Yallamanda Reddy (Markapur):** On a point of order, Sir, after fully considering the matter, the Public Accounts Committee has given a report. Your decision to refer the matter back to the PAC implies that the PAC has not considered the matter fully. I submit that once the PAC has given a report, there is no meaning in sending it back to the PAC. It is only for the House to consider it and take a decision.

**Shri D. C. Sharma (Gurdaspur):** It was said here yesterday that the ministry changed hands thrice. We want to know at whose instance this grant of licence was initiated, how it was processed and what happened afterwards. It is not that the case of one minister only is going to be reviewed, but the cases of all those three ministers who were in charge of this ministry at different times should be reviewed.

**Shri Bhagwat Jha Azad (Bhagalpur):** I humbly submit that your decision in referring back the matter to the PAC opens up a new convention. Reports are submitted by the Estimates Committee, the Public Accounts Committee and the Public Undertakings Committee. The ministers do not appear before the Committees, but their representatives, i.e. the Secretaries of the Departments appear before them. The PAC has submitted a report. By your decision to refer the matter back to the Committee, you are putting a very severe test on the Minister as well as on the Committee. Never in the past has such a thing been done. I remember one instance. Under the Chairmanship of Shri B. G. Mehta, the Estimates Committee submitted a report on oil with which Mr. Malaviya was concerned. The then Prime Minister, Shri Jawaharlal Nehru, said that all that could be done was, the Minister might make a statement in the House and clarify the position; let the report of the Committee and the statement of the Minister be placed before the House and let House take any decision it likes. It was not referred back to the Committee. I submit on the merits of the case, it is a new chapter being opened. It is a very serious and important matter. Let us not take it lightly. Let all these things be placed before the House and let the House discuss it, if it so desires, and take a decision.

श्री शीर्ष : एक राज्य में अध्यक्ष महोदय, घापकी इजाजत से कहना चाहूँगा। यह बात सत्य है कि पब्लिक एकाउंट्स कमेटी बहुत महत्व रखती है लेकिन पब्लिक एकाउंट्स कमेटी में खाली लोक-सभा के ही सदस्य नहीं होते हैं उस में राज्य सभा के सदस्य भी होते हैं। पब्लिक एकाउंट्स कमेटी इस सदन की सब-कमेटी नहीं है उस को दोनों सदन मिल कर बनाते हैं। पब्लिक एकाउंट्स कमेटी जो भी उचित समझती थी उस के अनुसूच्य अपनी रिपोर्ट इस सदन में रख दी अब इस सदन के सामने कोई भी सदस्य या घाप बीएम, वह सोचते हैं कि उस में कहीं कमी रह गयी है तो उस पर इस सदन में बहस हो सकती है लेकिन पब्लिक एकाउंट्स कमेटी को वापिस भेजना इस तरह का निर्णय घाप का उचित नहीं होगा क्योंकि पब्लिक एकाउंट्स कमेटी में दोनों ही सदन के सदस्य होते हैं लोक-सभा के भी सदस्य हैं और राज्य सभा के भी सदस्य हैं इसलिए इस सिद्धान्त को लेते हुए कि लोक-सभा अपनी महत्व रखती है लेकिन राज्य सभा भी अपनी एक बड़ा महत्व रखती है। . . . . .

अध्यक्ष महोदय : खत्म करिये।

श्री रामेश्वरानन्द : मेरा एक निवेदन मुन ले . . . . .

अध्यक्ष महोदय : क्या मिनिस्टर साहब कुछ कहना चाह रहे हैं ?

Shri C. Subramaniam: I was never given an opportunity to appear before the PAC as far as this matter is concerned. It was said that if Ministers want to make certain observations, the option is given to the Minister to appear himself or through the Secretary. I was not aware that this point was being considered by the PAC at any time. Otherwise, I would have certainly placed all these things before the Committee.

Shri Bhagwat Jha Azad: Sir, when a report of any Committee either the Estimates Committee or the Public Accounts Committee or the Public Undertakings Committee, is prepared—I am giving you factual information—the draft report is sent to the Ministry concerned for correction and only after it has come back from the Ministry it is published. Therefore, this plea cannot be taken.

श्री रामेश्वरानन्द (करनाल) : अध्यक्ष महोदय, लोक-सेवा समिति का, जो कि दोनों सदनों द्वारा चुनी गयी है, किसी भी मंत्रालय के साथ कोई विरोध नहीं है। वह जो कुछ भी विचार प्रकट करती है, वह बहुत ज्यादा जानकारी प्राप्त करने के पश्चात् करती है। इस लिए इस सम्बन्ध में उस ने जो भी निर्णय किया है, वह सर्वथा सत्य है। श्री महोदय के बकवच्य को पुनः उस समिति के सामने भेजने का अर्थ यह होगा कि उसको वापिस किया जायेगा कि वह इस पर पुनर्विचार करे, अर्थात् अपने विचार को बदल डाले। श्री महोदय के बचाव के लिए यह सब किया जा रहा है। इस लिए घाप की धोर से ऐसा प्रस्ताव नहीं आना चाहिए। तरबूज को पहले टांका लगा कर यह देखा जाता है कि वह कच्चा है या पक्का है, लेकिन ज्येष्ठ मास में टांका लगाने की जरूरत नहीं होती है,

क्यों कि उस वक़्त तारे पके होते हैं। वह तारे का सारा मंत्री-मंडल इसी प्रकार का है। इस अवस्था में जो एक व्यक्ति प्रकाश में आता है, उस को घाने दीजिए, चाप उस को इस प्रकार न रोकिये।

**The Minister of Iron and Steel (Shri T. N. Singh):** Sir, I would like to make a submission in regard to one point, and that is about the precedent in such matters. So far as the Public Accounts Committee is concerned, I remember, there was an occasion when a case relating to the Defence Ministry Accounts was referred back to the Public Accounts Committee. I was a member of the Public Accounts Committee and also Chairman, and we considered that matter again. So the precedent is there when such a matter has been referred back to the Public Accounts Committee.

**श्री रामेश्वरामय्य :** यह मंत्री महोदय को बचाने का उपाय है। ऐसा नहीं होना चाहिए।

**श्री मधुलिनय्ये :** अफ़सोस भोज मन्ना कैसे कमला कर सकनी है? कमेटी में राज्य मन्ना के सदस्य भी हैं। इस बारे में राज्य मन्ना को भी पूछा जाना चाहिए।

**Mr. Speaker:** I do not find any difficulty. There is nothing unusual in what I have done (*Interruption*).

**श्री मधुलिनय्ये :** इस मामले को राज्य सरकार की राय से कमेटी को वापस भेजा जाना चाहिए।

**Mr. Speaker:** In the normal course, when the Minister says he had no chance, let the Public Accounts Committee look into it. We are sending it on to the same Committee. We are not doing anything unusual (*Interruption*).

**Shri Banga:** Sir, I only wish to remind you of the request that we made the other day, and which you were good enough to endorse, that, apart from this matter, the whole matter of the way in which these licences had been given should be taken up seriously by all the Ministries concerned, and it should be enquired into very carefully.

**Mr. Speaker:** That I have already said.

**Shri Yallamanda Reddy:** Sir, I rise to a point of order.....

**Mr. Speaker:** Order, order. There is no point of order. I have already given my decision on that.



## APPENDIX II

(Ref. Para 1.13)

*Copy of D.O. letter No. VIG. 1(12) 57, dt. 29th June, 1963 from Shri M.C. Misra, Dy. Secretary, Dept. of Iron and Steel, New Delhi, addressed to Shri S. C. Mukherjee, Dy. Iron and Steel Controller, Calcutta-1.*

Please refer to correspondence resting with your letter No. C/23(15)-2, dated 17th June, 1963 regarding further action to be taken in respect of the rounds imported by M/s. Surendra Overseas. The matter has been examined and it has been decided that business dealings should be suspended with M/s. Surendra Overseas and all its allied and associated concerns for a period of two years with immediate effect. A general order may please be issued immediately under the black-listing code so that other Government Departments and Governmental institutions may also not deal with these firms for the period specified above. A copy of the order may please be sent to me as soon as it is issued.

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### **APPENDIX III**

**(Ref. Para 1.19)**

*Copy of D.O. letter No. C 23(15)-2(2), dt. 17th July, 1963, from Shri A. N. Banerji, Iron and Steel Controller, Calcutta, addressed to Shri M. C. Misra, Dy. Secy. Deptt. of Iron and Steel.*

**Please refer to the correspondence resting with your d.o. letter No. Vig-1(12)/57, dated 12th July, 1963.**

**It appears that you propose that suspension should also apply to M/s. Apeejay Lines. This is not a trading concern but a transport concern and, as such, in view of the principles enunciated in your letter under reference, perhaps, suspension order should not apply to this concern. Moreover, before any suspension order is passed in regard to an international shipping line, perhaps, the Ministry of Transport should be consulted. I would like to have Ministry's orders in this regard.**

**It appears to me that the orders are proposed to be passed under para 5 of the Standardised Code of blacklisting. If so we shall have to report the fact to other Ministries for such action as they may consider necessary. It may please be confirmed if action is being taken under the said para 5.**

**On receipt of your reply I shall take further action in this matter.**

## APPENDIX IV

(Ref. Para 1.32)

*Copy of letter dt. 22nd July 1963 from M/s. Surrendra Overseas Ltd., New Delhi, addressed to Shri C. Subramaniam, Minister for Steel and Heavy Industries, New Delhi.*

I am extremely grateful to you for the kind hearing you gave me on the 20th instant.

I am glad and grateful for your kind assurance of support to us in our future industrial undertakings.

While we fully appreciate the advice you very kindly gave us that we should concentrate our activities more on industry than on trade, we wish to inform you that we have already taken some steps towards the same and we would be further adding to it as suggested by you. For example, the following industries have been completed by us within the last 1/2 years, besides what have been in existence:

1. Kashmir Ceramics Ltd., a project in collaboration with Kashmir Government, will be in the full production within two months.
2. Anpejav Structural at Rajbandh is already in production.
3. The Electric Furnaces, in Calcutta and Jullundur are already working and at Bombay will be working within approximately three months.
4. Re-rolling mill at Kumhari.
5. The new Re-rolling Mill at Calcutta instead of the old one.
6. The New Re-rolling Mill at Jullundur instead of the old one.
7. Other steel Fabricating and Steel Industries at Jullundur.

The following Industries are in the process of working:

1. Oriental Spun Pipe Co. Ltd.,

**2. Electric Signalling Equipment at Madras in Collaboration with M/s. L. M. Eriessons of Sweden.**

I also beg to submit, Sir, that I appreciate your remark that some of my transactions in the Trade in the past have not been to your satisfaction. I admit that there have been certain mistakes on my part but they were mostly due to the circumstances then prevailing and in view of the day to day negotiations which took place during those days. If any such case came up to your notice, I request that I may be given a chance to explain my position, so that you may have a fuller picture of such cases. Nevertheless, I express my deep regret at whatever mistakes might have occurred in my transactions in the past and for any annoyance I may have given you. I again give this assurance to you, Sir, that all my future transactions shall strictly conform to the high standards you have fixed and I shall not give any cause for complaint.

I again make this request to you,

1. that the Iron and Steel Controller may be permitted to deal with us in the usual manner as before

and

2. that orders may be issued to settle our claim with the Hindustan Steel Ltd, against the claim filed on us by the Steel Company of Wales Ltd.

## APPENDIX V

### Summary of the main Conclusions/Recommendations

S. No.	Para No. of Report	Ministry Deptt. concerned	Conclusions Recommendations
1	2	3	4
<b>CHAPTER I</b>			
1	1 10	Ministry of Iron & Steel	The Committee observe that there is an inaccuracy in the month mentioned by the Minister. The first order of suspension was passed by the Minister in November, 1962 (on 16th November, 1962) and not in December, 1962 as mentioned in the statement.
2	1 14	-Do-	As the order of suspension of 16th November, 1962 was still in force, the suggestion of the Secretary would have meant in effect no action against these firms. Therefore it is just as well that the Minister did not accept the suggestion of the Secretary.
3	1 17	-Do-	It is significant to note that the orders of the Minister dated 28th June, 1963 were specific, complete and final and they were conveyed to the Iron and Steel Controller as such on 29th June, 1963. In view of the above facts the Committee are unable to accept that these orders were 'in a draft form'.

1	2	3	4
4	1-21	Ministry of Iron & Steel	<p>The Committee feel that after the clarification given by the Ministry of Iron and Steel on 12th July, 1963 that the suspension should apply to those allied and associated concerns which primarily dealt in trade and commerce, there was no point in the Iron and Steel Controller making a second back reference on 17th July, 1963 since a shipping line is normally to be included in trade and commerce. The Ministry had applied its mind to this case on 12th July, 1963 when they excluded industrial units from the scope of this order. The Committee regret to note that this reference of the Iron and Steel Controller dated 17th July, 1963 lacked justification and delayed the implementation of the order of the Minister dated 28th June, 1963 which was to be carried out immediately as per the instructions issued on 29th June and 12th July, 1963 by more than a month. The final orders were issued only on 31st July, 1963.</p>
5	1-23	-Do-	<p>The Committee, would like to be informed in due course why other firms were not included in the suspension order issued on 31st July, 1963.</p>
6	1-28	-Do-	<p>In this case the Iron and Steel Controller made a second back reference to the Ministry of Iron and Steel on 17th July, 1963. It would have been received on or about 19th July, 1963 in the Ministry in New Delhi. It is a strange coincidence that the representative of the firm saw the Minister on 20th July, 1963, i.e., about the same time the second reference from the Iron and Steel Controller was received in the Ministry. It appears to the Committee that the</p>

2

information regarding suspension of business dealings had already leaked out to the party concerned. They regret to note that in spite of the fact that such orders are confidential, a leakage took place and that no inquiry has so far been conducted by the Ministry into the causes of the same.

7            1.31            -Do-

The Committee regret to note that in his evidence before them in March, 1966, the Secretary did not mention either about the interview of the representative or about the letter from the representative of the firm. This, according to the Committee, was an unfortunate omission.

8            1.35            -Do-

The Committee would like to point out that they had not commented upon the exclusion of shipping line or the industrial concerns in para 4.127 and 4.128 of their 50th Report. The Committee, however, even now are unable to understand the circumstances under which the Minister changed his order of 28th June, 1963 from one of general application to that of suspension applicable to the Iron and Steel Controller only and not to other departments of Government. The Committee feel that perhaps the visit of the representative of the firm on 20th July, 1963 might have something to do with the revision of the order of the Minister on 23rd July, 1963. However, the reasons for this revision even after the detailed examination by the Committee still remain somewhat obscure, especially in view of the fact that a similar suspension order dated 16th November, 1962 was still in operation.

33

1	2	3	4
9	1.37	Ministry of Iron and Steel	It is obvious that the revision of the orders made on 23rd July 1963, meant in effect, that no action whatsoever, was taken against this group of firms in this case as the earlier order of suspension was still in operation. This indicates that "full consideration" was not given at the time of revising the orders.
10	1.38	-Do-	The Committee have examined in detail the statement made by the Minister on 18th May, 1966. In view of what has been mentioned in foregoing paras the Committee feel that the views already expressed by them in para 4.128 of their 50th Report do not require any modification.
11	1.39	-Do-	<p>In his statement the Minister made the following observation:</p> <p style="padding-left: 40px;">"It is rather surprising to me that an observation should have been made suggesting that I had reconsidered certain orders without adequate reason."</p>
			<p>In view of the above facts, the Committee feel that the above observation of the Minister was rather unfortunate.</p>



## CHAPTER II

12 2.7 Ministry of Iron & Steel

This seems to indicate that the assessment of the Transport Ministry was mainly responsible for the revision of the order. The Minister in his evidence however emphasized that in view of the apology and assurance of good conduct given by the representative of the firm, he decided to give another chance to this group of firms.

Thus, the Minister has given two reasons for the change of his order.

The Minister, however, agreed that on the facts placed before the Committee they were fully justified in making the observation in para 4.128 of Fiftieth Report.

13 2 9 Do.

It appears to the Committee that the first order dated 16th November, 1962 was all along regarded by the Ministry as an order of suspension of dealings.

14 2 10 Do.

In view of this the Committee are unable to appreciate the distinction which the Minister has drawn. In any case, it was neither spelt out nor so understood by the Department.

15 2 12 Do.

In the opinion of the Committee, the phraseology of the order could be interpreted to mean a black-listing order. The Committee feel that orders of this nature should be spelt out in clearer terms within the provisions of the standardised code of black-listing.

16 2 14 Do.

The Committee regret to note that this was not done in this case. The Committee suggest that suitable instructions should be issued to this effect.

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Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
27	Bahree Brothers, 188, Lajpatra Market, Delhi-6.	27	33.	Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9	96
28.	Javana Book Depot, Chaparwala Kuan, Karol Bagh, New Delhi	66		MANIPUR	
29.	Oxford Book & Stationery Company, Scindia House Connaught Place, New Delhi	68	34.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School annexe, Imphal	77
30.	People's Publishing House, Rani Jhansi Road, New Delhi	76		AGENTS IN FOREIGN COUNTRIES	
31.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88	35.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, London, W.C. 2.	
32.	Hind Book House, 82, Janpath, New Delhi.	95			

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