

the regulations for the protection of women which were revealed in the Seventh century can be easily verified by anyone in the Twentieth century as we have just been doing. I believe that these laws and social regulations regarding women contain certain fundamental truths which will benefit whoever applies them. The present time of widespread rethinking of the role and rights of women is perhaps the appropriate time to look with fresh eyes at the Islamic point of view which has contributed to the formation of stable societies in both sophisticated and under—developed peoples in vast areas of the world over the past 14 centuries which has retained the continuity of its principles and from which the Western world may have something to learn.”

Before I conclude, I must appreciate the position taken by the Government. It has been made amply clear that there is no intention on the part of the Government to bring about any changes in the personal law of the Muslim unless and until the Muslims themselves desire it. As I have already elaborated, the question of a Muslim as a Muslim desiring the changes in the Kuran and the Sunna do not arise. However, I must welcome the announcement made by the Government. But the proviso that the Government goes on adding and the content of this Article 44 of the Constitution of India is an impetus to many to create tensions and controversies which are quite avoidable. It is, therefore, that I had come before this House to request the House to delete this Article 44 from the Constitution of India. At least if that cannot be done, let there be some other Bill in which a proviso can be added to Article 44 exempting the Muslims from such a uniform civil code.

I am totally in agreement with the hon. Minister when he talks of the concept of secular democracy, of blossoming of every culture and of the rich heritage of tolerance of our Indian society. In fact, these were the very sentiments I had echoed in my own opening remarks while moving for the consideration of the Bill. My submission is that it is the ideology of any civil code to steamroll all the differences. However, I have come forward with the hope that there would be rethinking of the subject on the part of the Government also and on the part of this

House and there will be better realisation and appreciation that the concept of Article 44 is at variance, with the concept of our own secular democracy is at variance with the concept of national integration as we understand it and is at variance with the policy of unity in diversity.

I hope that these points in due course of time will, in future, at least if not today, be appreciated by the Government.

With this hope, I beg to move for leave to withdraw the Bill further to amend the Constitution of India.

MR. DEPUTY SPEAKER : Mr. Mool Chand Daga's amendment is there. He is not present in the House. I shall now put the amendment moved by Shri Mool Chand Daga to the vote of the House.

**Amendment was put and negatived.**

MR. DEPUTY SPEAKER : The question is :

“That leave be granted to withdraw the Bill further to amend the Constitution of India.”

**The motion was adopted.**

SHRI G. M. BANATWALLA : Sir, I withdraw the Bill.

16.51 hrs.

INDIAN TOBACCO COMPANY LIMITED  
 (TAKING OVER OF MANAGEMENT)  
 BILL

[English]

MR. DEPUTY SPEAKER : The House will now take up the Indian Tobacco Company Limited (Taking over of Management) Bill to be moved by Shri Ram Bhagat Paswan. Before we take up the Bill, we have fix the time for this Bill. Shall we fix two hours ? . . . Yes. Two hours are fixed for this Bill.

Mr. Ram Bhagat Paswan.

[Translation]

SHRI RAM BHAGAT PASWAN (Rosera) : Mr. Deputy Speaker, Sir, I have introduced this Indian Tobacco Company Bill because the company has become a web of irregularities. Therefore, it is necessary

the interest of the country, the public and the Government to take over the company. In this company a major part of the investment has been made by our country but its profits are going to the foreign countries and to the big capitalists and directors. The investment has been made by the Government but the profits are being pocketed by private persons. Besides, the directors of the company spend crores of rupees on luxuries and show it under some other heads with the result, the cost price is increased which is borne by the consumers. Alongwith it, the directors are amassing black money through their sales agents. Large sums of excise duty and income tax are due from them. About Rs. 300 crores are due from them as excise duty. The Supreme Court has asked them to pay Rs. 109 crores out of which they have paid only Rs. 19 crores. We, therefore, hope that government would take over this company, which would not only be in the interest of workers and the country, but also in the interest of government. The assets of ITC are nearly Rs. 800 crores which were only Rs. 74 crores in 1972. Thus the assets of this company have increased manifold during the last three years. This company has violated the M. R. T. P. Act and the Companies Act and has harassed small Indian shareholders. Out of this huge capital, an amount of Rs. 250 crores is due to Government as excise arrears and out of Rs. 250 crores, Rs. 109 crores have to be realised as per the orders of the Supreme Court and the recovery of Rs. 150 crores has been held up as stay orders from various High Courts have been obtained. Whenever Government takes any action against this company, they obtain a stay from the Supreme Court. This results in protracted litigation and in the meantime they are expanding their business activities with the interest earned from Government money and with that money indulge in litigation also taking all these factors into consideration the take over of this company is absolutely necessary.

[Shri Vakkom Purushothaman in the Chair]

16.54 hrs.

The directors of this company send annual remittances of Rs. 400 crores to foreign countries. An amount of Rs. 400 to 600 crores is spent on opening and maintaining foreign offices. In this, may,

this, company is violating the MRTP Act and harassing the Indian shareholders. Not only this, a huge sum is shown as expenses on salaries and other perquisites of the directors. This company also shows various expenses in the name of setting up of new companies and indulges in tax evasion. Old and second hand machines are imported into India after having very high prices and thus the country is deprived of valuable foreign exchange. Thousands and lakhs of labourers are kept temporary to avoid application of labour laws. Workers are kept as contract labour so that the company may not be forced to provide ESI benefits and leave facilities. Many workers are working on contract basis in the factories of this company in Bihar and at Saharanpur in U. P. According to the rule, if a worker puts in continuous service for 250 days, he becomes eligible for regularisation, but this company removes them from service before regularisation. This company is not only cheating the workers but is also violating all the labour laws, the Finance Act and the MRTP Act.

Mr. Chairman, Sir, though the name of this company is "Indian Tobacco Company," yet it has so many business activities in India. Whenever this company establishes new company, it submits an application for approval, but starts its business operation before approval is received. This company is not engaged only in the business of cigarette manufacturing. It has established many companies for doing the business of marine products, printing, hotel, sale of B.O.P.P. and investing company, etc. In the name of export and import, this company is indulging in illegal trade of *charas* and smoking mixture. By providing financial help to foreign agencies, this company is giving encouragement to the anti-national elements in the country. This company is providing protection to the persons connected with foreign companies on the pretext of business.

Though this company is a multi-national company, it has entered in the field of small scale industries also and has set up small industries like Triveni Handlooms and Tuff Tools International. By adopting various methods of amassing black money, this company has encouraged corruption in the country. The entry of such a multi-national company in the small scale sector

has adversely affected the small scale industries of the country. This activity of the company is a clear violation of the MRTP Act and the Industries (Development and Regulation) Act.

Now I would like to explain how fast the assets of this Company have increased during the last three years. The assets of this Company were valued at only Rs. 74.65 crores in 1972 which had grown to Rs. 791.54 crores in 1983, in other words its assets increased ten times and now the value of its assets is more than Rs. 850 crores in 1985. An amount of Rs. 250 crores out of the profits of this company is paid to the foreign partners of this company. This company has established its offices at several places in foreign countries on which an annual expenditure of Rs. 400 crores is being incurred.

Mr. Chairman, Sir, the salaries, commissions etc. of all the Directors of this Company are settled without approval as required under the companies Act.

17.00 hrs.

These persons decide their percentage of profits and get all the facilities without obtaining any approval.\*\* Saheb is its Managing Director. He has recently received Rs. 7500 per month as salary and one per cent of the total dividend. Similarly, there are \*\*Saheb and\*\* Saheb working as directors. These persons are enjoying all the facilities without the approval of the Company. This escalates the cost of production and ultimately the general public have to bear the burden.

This Company has recently violated section 372(2) of the Companies Act and diverted a huge amount of the capital to another company without the prior approval of Government so that this company could be closed, if need be, to avoid payment of arrears of excise duty. The Company is incurring losses and the capital is being invested in another company so that it could avoid payment of excise duty and income-tax. It purchases shares of other companies so that the previous company could be declared insolvent. In this way this Company has adopted many methods of tax evasion. A case against them is pending in the court of Metropolitan Magistrate in Calcutta. Litigation takes a lot of time. I would,

therefore, request that a special court should be set up for this purpose so that immediate action could be taken against these persons who are evading excise duty and income-tax to the tune of crores of rupees are indulging in illegal trade.

They have decided not to pay excise duty and have diverted the capital by establishing a new company. They have also been convicted on the charge of opening the new company and they have been given warning by closing down their company under section 22 of the M.R.T.P. Act. It is a matter of great pleasure that Government are taking prompt action against them. These persons have been warned, but they are still pursuing their illegal activities.

When they realised that a huge amount was due as tax arrears, they set up a small *benami* company and started manufacturing their products so that the previous company could be closed down, if need be.

The proof for their illegal activities is that they have set up Asia Tobacco Company at Hasur. In addition to that, *benami* units the name of Crown Tobacco, Bombay and Master Tobacco, Bombay have been established. In these units, most of the products of I.T.C. are being manufactured. In their own factory, the workers are being appointed on a contract basis. As a result the workers are not getting reasonable wages and bonus and they are not being confirmed.

The number of excise cases pending against them is much that Government are consolidating all cases against them by setting up a separate cell. But that would also take a lot of time. I would, therefore, request that all the tax arrears, whether it be of excise duty or income tax, should be realised from them in the first instance. They are resorting to illegal trade practices and have entered into the small scale sector and are also violating the M.R.T.P. Act. Stringent action should be taken against the directors and action should be taken to realise the Government dues immediately and litigation may continue thereafter. An amount of Rs. 300 crores is due from them as arrears of excise duty. If this amount is realised, many projects, could be implemented in North Bihar with the tax arrears only. I would like to emphasise once again that the tax arrears should be recovered first and thereafter

litigation may continue. These big capitalists have evaded taxes in this manner. If the arrears are recovered expeditiously, many of our schemes can be completed. Mr. Chairman, Sir, it was confirmed through a reply to a question when I was a member of Rajya Sabha. There is a variety of tobacco named 'Virginia', which is, perhaps, is brought from the South. This virginia tobacco is brought to the Saharanpur factory in Uttar Pradesh. This is sometimes infested by an insect and if a crop gets infested by this insect, it destroys other crops also. Government have warned them not to being such infested virginia tobacco, but, they are going ahead with their programme in spite of Government's warning. The result is that the crop gets destroyed when infected by this insect.

In reply to my Starred Question No. 309 dated 21-3-83, it was stated that I.T.C. had sought approval under Section 23 (4) of the M.R.T.P. Act and Section 108 (a), 372 (4), 269, 198 and 309 of the companies Act, whereas Vishwarama Hotel had been acquired before the approval was given. At the same time, Shri A.N. Haksar was made whole time Director with Rs. 7500 per month as salary and one per cent commission with other perks without having obtained approval under the Companies Act. His appointment was made on 1-7-80 itself whereas the approval was not obtained till 21-3-83,

Mr. Chairman, Sir in reply to my question 943 dated 1-3-83, it was stated that many of the files which Government required were deliberately placed and they were not produced before the Government. They were warned to produce all the files, but these files have not been produced so far. Action should be taken against them immediately. Mr. Chairman, Sir, it was admitted in reply to my Question No. 847 dated 1-8-83 that I.T.C. had indulged in irregularities. 32,500 shares of Bihar Hoti have been acquired 980 shares of Rs. 100 each of Tuff Tools International, 22,000 shares of Rs. 10 each of Roll Print Packaging, 80,000 shares of Rs. 10 each of Vishwaram Hotel have been acquired, 202 shares of Rs. 10 each of Vinakal Investment and 202 shares of Rs. 10 each of Saga Investment have been purchased without obtaining approval. Similarly, they have also violated the M.R.T.P. Act and the companies Act by acquiring shares of

India Cement without approval, information in respect of which was given in reply to question No. 847 dated 1-8-83.

I reply to question No. 846 dated 1-8-83, we were informed that I.T.C. had disregarded the guidelines on 9 November 1978 and 4 October 1979 and had, thus, violated them.

In reply to question No. 1527 dated 8 August 1983, it was admitted that I.T.C. had violated the M.R.T.P. Act and that it was being investigated into. But, in this case also, they were let off after issuing a warning.

In reply to question No. 611 dated 3-5-82, it was stated that a 'show cause notice' was issued to I.T.C. on 8 March 1982 under Section 22 of the M.R.T.P. Act, but no decision has so far been taken in this regard.

A case of misuse of foreign exchange was revealed vide question No. 2460 dated 23-3-82, but no records have been produced in this regard so far.

It was admitted on 8 August 1983 (vide question No. 1637) that their Directors were showing excessive expenditure in foreign countries. Even details were given showing that one of the Directors had spent Rs. 7,20,000 in a year, but no report has so far been given in this regard. It was admitted in reply to question No. 554 dated 2 May 1983. That a large number of employees were kept on a temporary basis in I.T.C. and their services were terminated after three months. No inquiry has so far been made into it and the lives of thousands of employees are being spoilt. In reply to question No. 54 dated 26 April 1982, it was admitted that there were some irregularities in the matter of sale of B.O.P.P. and that the M.R.T.P. Act had been violated. Even in this case neither the inquiry was completed nor the case was handed over to the C.B.I. I insist that this should be investigated into by the C.B.I. In reply to question No. 56 dated 26 April 1982 it was admitted that they evaded tax on a large scale by setting up a factory in Sikkim unauthorisedly without obtaining a licence. No action has so far been taken even in this case. The Supreme Court had ordered in February, 1983 that a recovery of about Rs. 109 crores be effected from I.T.C. but no recovery has been made till today. It has been revealed that I.T.C.

has made a payment of Rs. 19 crores. Government have yet to realise Rs. 98 crores. In addition to the orders of Government, I.T.C. is floating the orders of the judiciary also. It is the order of the judiciary that Rs. 109 crores are to be recovered from them, but Rs. 98 crores are still outstanding. In reply to question no. 107 dated 3 May 1983, it was admitted that I.T.C. had taken out about 5776 lakh and 5953 lakh pockets of cigarettes in January and February, 1983, respectively, on carts. It is surprising that they have started using carts instead of trucks.

It was agreed that whatever quantity they produce, it should be taken out in trucks after it was properly weighed and counted. But they load on buffalo cart, for which no account is kept. There is no account as to the quantum of production. Government's excise duty is being evaded. Thus, they are openly violating the provisions of the M.R.T.P. Act and the Companies Act. In reply to question no. 1942 dated 11 August 1983, it has been admitted that by excess production, I.T.C. is indulging in huge evasion of excise duty (*Interruptions*). It was conceded *vide* reply to question no. 1076 dated 2 August 1983 that the charges of suppression of production and sales against I.T.C. would be inquired into. But no inquiry has so far been made. In reply to question No. 2264 dated 16 August 1983, it was stated that income tax to the tune of Rs. 44.73 lakhs was outstanding against I.T.C. This has not been recovered till today.

In reply to question no. 179 dated 29 April 1984, it was stated that a huge amount of excise duty was to be recovered from I.T.C., but in spite of that, a big amount was refunded to them. Could that amount not be adjusted against the outstanding dues? Similarly, in reply to question no. 107 dated 30.4.84, it was admitted that action was being taken against I.T.C. after registering a case of violations of Section 372 of the Companies Act. It was also admitted that a case was filed against the officers of I.T.C. on 11-7-84. When this case is going on for such a long time, why were the directors of the company not arrested and why were they allowed to be at large? In this way, they continue to indulge in black deeds unhindered. Mr. Chairman, Sir, I would urge that the severest action be taken against

them. I am happy to know that the Government recently registered seven cases against them, which include a case of Suppression of Production and Removal of goods without payment. I would request Government that first of all action should be taken to recover the outstanding taxes from them, because they have been working against the interest of the labourers. Government have inverted the entire capital in this company, but these individuals are deriving the benefits. In view of all these things, it becomes necessary for the Government to take over Indian Tobacco company without any loss of time. It has become necessary even in the national interest.

Its managers make foreign trips in the name of advertisements, even technicians of the company frequently make foreign trips and, thus, a lot of money of the company is being spent. Keeping this also in view, I shall request the Government to take over this company at the earliest.

If for some reason it is not possible to do so, I would request Government that a committee comprising the Members of Parliament should be constituted to go into the affairs of this company to unravel the irregularities being indulged in the illegal activities being carried out there and to bring to light how the management is engaged in anti-national, anti-people and anti-government activities. That committee should inquire into it as to how the company Act and the M.R.T.P. Act are being violated and submit its report to Government and on the basis of that report Government should take the sternest action. If possible, they should take over this company.

With these words, I express my gratitude to you for giving us an opportunity to speak. With these words, I beg to move :

"That the Bill to provide for the taking over of the management of the undertaking of the Indian Tobacco Company Limited for a limited period in order to secure the proper management of the same, be taken into consideration."

[English]

MR. CHAIRMAN : Motion moved :

"That the Bill to provide for the taking over of the management of the

undertaking of the Indian Tobacco Company Limited for a limited period in order to secure the proper management for the same, be taken into consideration."

[English]

SHRI V. SOBHANADREESWARA RAO (Vijayawada): Mr. Chairman, Sir, through his Private Member's Bill, the hon. Member has brought to the notice of the House how powerful these multinationals are, how they are successful in doing away with the law of the land, and in diverting profits from one sector to the other.

I need not repeat the name which the hon. Member has mentioned. In fact, that person was very close and in proximity to the highest power in this country and it is because of that person's association with the Company that the company, namely the ITC, was able to do mischief which the hon. Member has told us. I believe it was so. He has mentioned about this malady in detail. This is a very very important matter. In fact, on cigarettes alone, the Central Government is getting Rs. 906 crores as Central excise. In addition to that, it is earning nearly Rs. 200 crores of foreign exchange. While the things stand so, Government's indifference to a grave crime, to serious lapses that have been committed by a very big giant firm like ITC is very surprising; it is deplorable. Leaving the fate of the growers, leaving the fate of the workers to the god or to the wind, is not fair on the part of the Government. In fact, several branches of this I.T.C. are closed. They are not working. Thousands of workers have no work. At the same time, this Company which has earned hundreds of crores of rupees of profit on the produce of the agriculturists, the tobacco growers as well as workers, is diverting its funds, its profits to several other concerns like hotel industry, fishing or some other exports and some such things which our hon. member has pointed out. This should not be taken in isolation. There are some more companies which are also doing the same mischief and bringing down the image of our country in the international market to the lowest ebb. They are not adhering to the scruples which they have to follow at least at a minimum level. As a result, a country like China which was importing huge quantities of

tobacco from our country, has decided to stop imports of tobacco.

So, I request the Government to take immediate action on all these companies which are not adhering to the rules of the land. The hon. member has brought specific instances, but till now action has not been taken against this ITC company. We are told simply that the Director General (Inspection, Audit and Customs and Central Excise) is scrutinising the records. How many months or how many years do they require for scrutinising papers and when are they going to take a decision? We are not able to know. Moreover, I would like to submit to the Government the case of the growers. As a person coming from Andhra Pradesh, which is producing 90 per cent of the tobacco, Flue cured Virginia tobacco, I request the Government to take care of the growers. They should see that the traders behave well. So far as the growers are concerned, they were at the mercy of the company fellows or at the mercy of the buyers. There was no guarantee that the company would pay money to the growers. Several hundreds of crores of rupees to be paid was evaded. The farmers are cheated and looted. It is only after the Tobacco Board is set up, that some protection is given to the tobacco growers. Prior to the introduction of this Open Auction Platform System, the farmers were at the mercy of the buyers. Now this system has come into vogue since the last season first in Karnataka and now in Andhra Pradesh. There are rules to the effect that 50 per cent of the money should be given to the farmers within 15 days and the rest of the 50 per cent within 45 days. I am sorry to say that this was not be adhered to as some companies had succeeded in cheating a large number of farmers of their dues previously. The farmers have yet to get their money. With this introduction of the Platform System, I am very happy to note that the farmer has got some protection because he will get his money definitely even if it were less by 5 or 10 rupees per tonne. The Tobacco Board is giving the cheques. The farmer has to go to the Bank simply and get the money within fifteen days and the rest of it within 45 days. But even now justice is not done to the farmer because there is a wide gap between minimum export price and the minimum support price. Actually, only

Rs. 250 will be enough for other operations, before exporting. I request the Government kindly to reconsider this.

It is very good that you have set up the Tobacco Board. With regard to the functioning of this Board, it has been mentioned that it will include .

“...recommending to Central Government the minimum price for the purpose of export of Virginia tobacco by exporters with a view to avoid unhealthy competition among exporters.”

It means Government is very sympathetic to the exporters, and not to the growers, who are producing tobacco and who have to face drought, cyclone, tidal wave and several other natural calamities. There is no security. So, I want the following to be included in the functions of the Board :

“...recommending to Central Government the minimum price which may be fixed for the purpose of purchasing from farmers, keeping in view the cost of cultivation, risk element involved, and relating it to the minimum export price fixed to the exporter.”

So, this should be one of the functions of the Tobacco Board. I request the Government immediately to take stringent action against the Indian Tobacco Company which is doing a lot of harm to the nation. I request the Government to take over the management of the Tobacco Wing of this I.T.C. and run it on ideal lines, so that the erring private trade will also behave well. Government can set an example because, as I said, this is a very good revenue-earning, as well as foreign exchange-earning commodity to the Government.

In view of this, I request the Government to take immediate further action, and not to waste time. The hon. Member who piloted the Bill, had narrated his questions, and the answers he had got. After all these things also, I am surprised to see that things remain in the same position.

[*Translation*]

SHRI HARISH RAWAT (Almora) :  
Sir, I would like to congratulate my friend, Mr. Paswan for giving detailed information about the conditions prevailing in this Tobacco Company and the unravelling the

irregularities being committed by it. When he was placing figures before this House for our information, the hon. Minister was wearing a smile on his face at the time. I feel that he has made up his mind to conduct an enquiry into the irregularities being committed by this Company. I hope would look into their lapses and ensure that action is taken against it.

As per our information, it is a very big Company and is earning a lot of foreign exchange through its business. If such a big Company indulges in malpractices, other companies will follow suit. It is a fact that all such private companies are earning large profits by misusing Government funds and by violating the Government policies. The result is that neither are we earning revenue to the required extent nor were its ancillaries getting and benefit. Most of the investment in these companies has been made by Government, various financial institutions and I.D.B.I. Most of the funds in these big companies have been invested by I.D.B.I., which is under the administrative control of the Ministry of Industries. They are not getting return on their investment. They take advantage of loans from I.D.B.I. on one pretext or the other but when asked to return the amount, they do so by taking loans from other financial institutions and the banks. Investment is made by Government but the profit is earned by the company. Now, multinationals have also resorted to such practices. Besides, these companies indulge in other types of malpractices also. The companies engaged in export trade are permitted to import certain items in lieu of the exports made by them. By taking advantage of this facility, they import certain items and set up separate organisations to sell them. The profit earned by them is diverted to other fields. Some of our friends were telling just now that this company now wanted to enter the hotel business. It wants to divert the profit being earned by it to this field. It will set up big hotels. It will compete with government organisations in this field. It will also compete with small organisations in the country. Being a very big Company, it can withstand the competition very easily and can wipe out small companies.

I would, therefore, request the hon. Minister and to allow them to divert their profit, because if they enter this field, they

will wipe out these who are not yet established properly. These big companies indulge in irregularities in other matters also. Government have given many concessions to the private sector in this Budget. Through these concessions an atmosphere is sought to be created which should be conducive to increasing productivity and reducing the prices and ensuring better wages for workers. If they do not come to our expectations, people will criticise us for the concessions given by us in the Budget. I, therefore, request the hon. Minister to keep a strict watch on the private sector to ensure that it meets the challenges before it and proves itself worthy of the concessions given to it.

With these words, I thank you for giving me an opportunity to speak. I also thank Shri Paswanji, who has made us aware of many things which were not in our knowledge.

**SHRI RAM PYARE PANIKA** (Robertsganj) : Sir, Shri Paswanji has brought forward Indian Tobacco Company Ltd. (Taking over of Management) Bill and the facts stated by him about this Company are astonishing. Hence, I agree with the views of Paswanji and Rawatji that a high level enquiry should be conducted in the matter. In fact, under the mixed economy in the country, the entire capital invested in the private sector, the public sector, the co-operative sector and the joint sector belongs to the financial institutions and Government. You might have observed how these private people have misused the facilities given to them by Government, the banks or the financial institutions during the last 37 years. I had made a study that all the incidents of lay-off retrenchments and the declaration of mills as sick mills were not genuine. They only invest the money of one company in another company on one pretext or the other. As revealed by Paswanji, they are only increasing their perks. It is true that they should be given facilities. This time our Budget is job oriented, for which I congratulate our Prime Minister. This Budget has been prepared keeping in view the increasing number of the unemployed youth. I would like to tell the Minister of Industry that his Ministry has to play a major role in it, as his Ministry controls the industries. There is no such thing as the private sector, the public sector, the joint sector, or the co-operative sector.

The money invested in them belongs to government or the financial institutions. Hence, it should not be allowed to be misused. There should be a monitoring cell in the Ministry of Industries for this purpose.

I would like to request the labour Minister, who is present here, to ensure that the labour laws meant for the workers are not violated and the workers are not exploited anywhere. If laws relating to industries and financial institutions are violated, I feel and this House will also agree, that if an enquiry is not possible through a parliamentary committee, a high level enquiry should be conducted and a representative each of labour, industries and the Financial Institution, which had invested the money, should be associated with it.

Mr. Chairman, Sir, we have adopted the system of mixed economy in the country and under it if any concern in the private sector is showing good results, it should be appreciated. In the present case, considering the manner in which its capital has multiplied, it appears that it must have done very good work and we can congratulate them for that good work. But we find that they are remitting profits to foreign countries to the tune of crores of rupees. So, we would have to put a check on it. I congratulate Paswanji that he has made a very deep study about this company. The hon. Minister has admitted that there are six cases against this company. This shows that the company is indulging in irregularities. If a company indulges in irregularities one after the other, our Government's policy is to nationalise it. Under this policy, certain tea estates and some textile mills have been nationalised recently. The companies, which are functioning contrary to the interests of the country and the poor, should be taken over. You have said that six cases have been filed against this company and you know about the court's decisions. The industrialists are able to bring stay orders. Earlier we had separated the judiciary and executive, but in the present situations, I feel that we have to reconsider the question and see whether this situation should be allowed to continue. I do not say anything about the High Courts at the Supreme Court, but in the lower courts, a dinner party, an assurance about son's employment or self-employment after retirement decides the trend of the judgement. There are many such companies in our State



also, which have not paid Government dues to the tune of crores of rupees. If you collect information, you will find that crores of rupees by way of excise duty, income-tax or sales tax are due from different companies. They have taken stay orders to obviate their payment. Supposing stay order has been taken to which the payment of Rs. 10 crores, how much will be the interest on it? With the interest so saved, they float other companies.

**SHRI HARISH RAWAT :** In connivance with advocates.

**SHRI RAM PYARE PANIKA :** Hence, I request the Minister to get a high level enquiry conducted to know how they manage to get stay orders. Our young Prime Minister, Shri Rajiv Gandhi, has resolved to complete the pending works, to remove unemployment and to take the people into the 21st century. Hence, we should function in such a way that our coming generation may remember us. We have to ensure the development of the country, whether in the industrial field or in the field of modernisation, so that we may be able to maintain our prestige in foreign countries. It is a very small but important Bill. It covers the entire industrial policy. A few days back, our Budget was presented. You might have seen that a lot of measures have been spelt out in it to remove unemployment in the country and ensure the all-round development of the country. But the opposition says that we have deviated from our path. Mention has been made about the socialistic pattern of society. Socialism means not increase of poverty but increase of wealth and its distribution it. ...*(interruptions)*... I would like to say that the late Prime Minister, Shrimati Indira ji, had followed the policy formulated in 1956. Before elections in 1985, the country and the people had before them certain difficulties and some declarations were made at that time. In order to give these declarations a practical shape, it is necessary to formulate schemes for the economic upliftment of the people. I am sure that the hon. Minister will make arrangements by which the spirit of doing work with honesty is rewarded in the different sectors. With these words, I conclude.

[*English*]

**SHRI SATYAGOPAL MISRA (Tamluk):** I rise to support this Bill. This is a very

simple Bill which seeks to take over the management of the Indian Tobacco Company Limited, whose Head Office also is at Calcutta. We are always in favour of taking over the management of private companies. We are always advocating that the public sector enterprises should grow more and more in our country.

The nation has to achieve the goal of socialism which is enshrined in our Constitution. We cannot achieve that goal of socialism if we allow such a situation in which the private sector will go on cheating the people. On that ground, we are always in favour of take-over of the management of the private companies by the Government. This company is not a losing company and by taking over this company, the Government will not have to lose anything...

*(Interruption).*

**SHRI SOMNATH RATH (Aska) :** Government can take over a sick company. When this is not a sick company, why should the Government take it over?

**SHRI G. M. BANATWALLA (Ponnani):** Merely because somebody is making profit, so we must pounce and take away that profit! Is that the basis for nationalisation?

**SHRI SATYAGOPAL MISRA :** Let me finish first. If they are making profit, where from are they making this profit? More than 50 per cent of the capital is of the people, of the nation, and with that money they are managing or mismanaging something and making the profit. They are cheating the people with the people's money. When somebody is cheating the people with the people's money, how long will this type of situation be allowed to go on? That is why I am pleading for the taking over of the management.

The company has not paid the legitimate share of the Government in terms of Customs and Excise duties. Therefore, this aspect should also be looked into by the Government.

The company has been able to build up a system of middlemen. They are appointing some selling agents and those selling agents are always trying to cheat the people by raising the prices of the products of the company. Both the company and the agents are cheating the people, and the people are

suffering because the prices of the products of this company are regularly going up and up. So, I would urge upon the Government, that while taking over this company, they should also abolish this system of middlemen or selling agents.

Another point that I would like to mention is that if the Government takes over this company, more employment opportunities can be created. Therefore, we must take this opportunity to create more employment opportunities for the young unemployed.

All the grounds mentioned above clearly show that there is no alternative but to take over the management of this company.

Sir, I have gone through the Bill and would like to point out only one thing. Regarding clause (3) of the Bill I would like to say that after taking over the company, its management should be a democratic body and workers' participation should also be there. Some nominated persons should not be allowed to run this company.

AN HON'BLE MEMBER : If not nominated, should they be elected ?

SHRI SATYAGOPAL MISRA : No, the workers' participation should be there, they can be made the shareholders of the company or something like that. The brokers alone should not be allowed to run this company.

I know what is going to be the fate of this Bill because after discussing so many things and after talking so many words, at last the hon. Minister will request the mover of this Bill to withdraw it and the mover of the Bill will have the pleasure to withdraw this Bill.

My point is that we should not take everything in a very casual manner. We should take certain things seriously also. The hon. Member from the ruling party itself piloted the Bill and some hon. Members also have supported the Bill, and we even from the Opposition have been wholeheartedly supporting it, then why should this Bill not be passed ?

It seems Government is in two minds in regard to this. I do not know whether the ruling party has any commitment now for

socialism. They have probably forgotten this word also.

Another thing is that there is a big lobby pressurising the ruling party and the Government not to take it over, because without their money the ruling party will stand to lose.

SHRI RAM PYARE PANIKA : Do you mean the West Bengal ruling party ?

SHRI SATYAGOPAL MISRA : Still I feel they will show the guts to come out of the pressure of the big lobby. Therefore, I request the goodwill of the hon. Minister and the hon. Members to pass the Bill unanimously. I hope this Bill will be passed.

PROF. NARAIN CHAND PARASHAR (Hamirpur) : Sir, it is a very sad state of affairs as has been revealed from the initial statement made by the hon. Member while piloting this Bill. In the Aims and Objects of the Bill he has stated that the Government would stand to benefit to the extent of Rs. 300 crores if this take-over is announced.

I am at a loss to understand as to why strict action has not been taken against this company, in case all the points and the instances quoted by the hon. Member are correct. So, there should not be any further delay.

I would also request the hon. Minister to reply to the specific charges that have been revealed by the hon. Member in the course of his speech. He is a responsible Member of this House and he has quoted certain answers given by the Government on the Floor of the Rajya Sabha. In case all these instances and replies given by the Government are correct, then the Government owes a reply on these charges to the House and to the people of this country. Therefore, the Government should state what action has been taken so far. Since only six cases have been registered—and according to the hon. Member more than 20 cases have been brought to the notice of the Government—I would emphasise that specific action should be taken on all the instances. The records of the Rajya Sabha are available with the hon. Minister for scrutiny. He should see and verify all the points that have been raised. If there is substance, then immediate action should be taken.

I would also like to know whether the Companies Act or the MRTP Act, or laws on the Statute Book and Regulations also empower the Government to take some action in this direction. In case it is possible, then this question of taking over of that company is a secondary matter. The revelation of so many of these false practices and desire to misappropriate money and utilise it for ulterior purposes is pointing towards a very sad situation.

Another aspect of it is that hundreds, perhaps thousands of labourers who are kept by the company are retrenched every three months so that they are not made regular and on this issue they are recruited again. This is also another malpractice and therefore, the Ministry of labour should also pay some attention to it.

While I agree with the sentiments of the mover of the Bill, I would also plead for immediate, strong and stringent action under whatever laws that are available to the Government to undo these practices and to punish for those malpractices there and also take some measures for the future so that no other companies are able to resort to such malpractices and deny the Indian sector crores of rupees.

One more point which I would like to develop in this connection is that keeping in view the large concessions announced to the private sector and various other bodies in our Budget, it is high time that we saw to it that they are not misused and therefore, when fresh incentives are given to the private sector it is all the more necessary that laws are made more stringent so that public money is not misutilised by those people, and the purposes for which the concessions are given by our new Government under the initiative of our Prime Minister are also fulfilled.

With these words I would support the spirit of the Bill. I would also support the takeover, but more than this I would call for stringent action and I would request the Minister to reply to the specific charges which have been levelled by the hon. Member during the course of his speech.

[Translation]

**SHRI MOHAR SINGH RATHORE**  
 (Churu) : Mr. Chairman, Sir, I support the

Bill. The Bill introduced by Shri Ram Bhagat Paswan shows how the multinational companies misappropriate public money and indulge in malpractices and illegal activities and defame honest persons and show them the wrong path. It goes against our country's interests. It has a bad effect on our economy also. We shall have to ensure that public money is not misused to harm the country's interests. They earn money by wrong methods and remit it to foreign countries. It has also come to notice that they do not indicate the price of cigarettes manufactured by them. This is their general practice. Similarly, they evade taxes and violate laws also. This Company has exported inferior quality of goods to Hongkong. The result is that our country's image is tarnished in the international sphere. It is a very bad thing. A petty criminal murders one persons, but such companies play with the very prestige of the country. They earn money from here but defame us at the same time. The result is that we earn a bad name in the international market. Why are such companies always financed by us ?

[English]

**MR. CHAIRMAN :** You can continue your speech next time.

17.59 hrs.

PAPERS LAID ON THE TABLE

— Contd.

[English]

Notification under Customs Act, 1962

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) :** Sir, I beg to lay on the Table a copy of Notification No. 122/85-Customs (Hindi and English versions) published in Gazette of India dated the 12th April, 1985, together with an explanatory memorandum regarding exemption to computers from basic customs duty in excess of 160 per cent *ad valorem* under section 159 of the Customs Act, 1962.

[Placed in Library. See No. LT-707/85]

18.00

*The Lok Sabha then adjourned till  
 Eleven of the Clock on Monday,  
 April 15, 1985/Chaitra 25, 1907 (Saka)*