

15.36 hrs.

**INDIAN TOBACCO COMPANY  
LIMITED (TAKING OVER OF  
MANAGEMENT) BILL.—Contd.**

[English]

**MR. DEPUTY SPEAKER :** The House will now resume further consideration of the following motion moved by Shri Ram Bhagat Paswan on 12 April, 1985, namely :—

“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.”

Shri Mohar Singh Rathore may continue his speech.

[Translation]

**SHRI MOHAR SINGH RATHORE (Churu) :** Mr. Deputy Speaker, Sir, I am speaking about I.T.C. This company conceals the quantum of production; it conceals leakage and evades the taxes payable to the Government. After many questions had been raised by the Hon Members, Government decided to enquire into the tax evasion by the company but in spite of this assurance, no enquiry has been held so far. In the absence of such an enquiry, the company is committing the offence of tax evasion repeatedly resulting in losses to the exchequer. Government also are indirectly an offender because they have not fulfilled their assurance...*(Interruptions)* We had demanded that the accounts of this company should be audited but till today its accounts have not been audited. The Directors of the company debit the whole of the huge expenditure on their tours, including foreign tours to the items of accounts of the company. There are many expenditure which are unrelated to the company. Because of this, the financial position of the Company is being adversely affected. The profit of the Company is reported to be 33 per cent. By stating the amount of profit in an exaggerated way, our money is sent to the foreign countries in the shape of foreign exchange. According to the Supreme Court, taxes to the tune of

Rs. 109 crores are due from this Company. 33 cases have been filed against it in the Court against which Stay Orders have been obtained. Just to avoid recovery of these taxes by Government the company goes to the courts. The company is misusing the peoples' money under the cover of the courts and laws. What can be more regretful than this that in spite of the Supreme Court's decision, such a huge amount is not being recovered. Why does it happen? In spite of all the resources available with the Company recovery of Rs. 89 to 90 crores of taxes are still due from the company. As Government have declared that tax evaders will be dealt with severely they should deal with these tax evaders strictly. There cannot be a better case to deal with strictly. If a poor farmer is given a loan of Rs. 100 or Rs. 200 or Rs. 500, his fields and house are attached or auctioned for recovery of the loan but no strict action is taken against these big people against whom recovery worth hundreds of crores of rupees is due. I want to submit that strict action should be taken against those companies who misuse the laws. They have no right to loot the public money in this way. The land is ours, the workers, money and machines belong to us, even then we do not get the profit and the dividend goes to foreign countries whereas no money is deposited in the Government exchequer. You should take strict action against such companies. They have no right to manufacture inferior quality goods. This company produced 72 crores of packets of cigarettes between 1-12-83 and 30-4-84 but the prices were not printed on them resulting in evasion of excise duty. The Company evaded all the direct and indirect taxes due on them. In spite of this no strict action was taken against it. It has become the avowed aim of the company to violate constantly all the laws of the land and the company has become an epitome of vested interests.

Charas was also seized from Company premises and the cases are going on against it in the Court. These are the things against which Government should take strict action. The Directors of the company do not print the price on the packets of cigarettes.\* is the main functionary and he has made it his business. Stern action should be taken against such persons. This company

\*Not recorded.

without any permission started fishing in the sea with fishing trawlers and exported the catch. Subsequently, the company submitted merely an application for permission and under the cover of that application, it went on committing the offence. This company should, therefore, be taken over immediately and it should be ensured by taking strict action against it that the public money is not misused and the people of our country are not exploited.

With these words I conclude my speech.

SHRI GIRDHARI LAL VYAS (Bhilwara) : Mr. Deputy Speaker, Sir, I support the Indian Tobacco Company Ltd. (Taking over of Management) Bill, 1985.

In M/s Indian Tobacco Company, which is quite an old company, most of the investment has been made by Government and with Government money, this private company has been earning profit. In spite of all this, it is not paying taxes and excise duty. Many complaints have been made against it that it is neither paying excise duty nor income tax nor other taxes. When it was asked to pay the arrears of taxes etc., it filed writs in the High Court and the Supreme Court. Because of this, a large amount of money is due from it to Government.

Secondly, it is always trying to send more and more money to its share-holders in foreign countries. By sending at least Rs. 200 crores to Rs. 300 crores of every year to its shareholders in the foreign countries, it is draining the foreign exchange of the country.

The workers of the Company have never been made permanent. They are always appointed as contract labour. The company has always appointed and dismissed its workers at will. This is the situation prevailing in the country.

Neither the labour laws nor any other laws are applied to this company because our officers are always afraid of big companies. They think that if action is taken against these people they will come out clean because of their approach to the high ups. Therefore they are always afraid of them and do not take any action against them. This is the position prevailing in this company.

The most significant thing is that the big capitalists who are connected with this company have been transferring the assets from one company to another. They have made investment in many companies. They go on investing in new companies and make the old companies sick so that the funds provided by the financial institutions may remain due and they may not have to pay anything. Government should at times get the transfers of money investigated under the company laws or the MRTP Act and take action against them. Strict action should be taken against those companies which have diverted funds to other companies.

The accounts of the company should be audited so that it may be known whether the company is running into losses or earning profit. The directors of the company are all members of the same family or are related to one another. According to the law, a Director gets Rs. 7,500/- and he can have one per cent of the profit. In the books it is shown like this but they manoeuvre to draw huge amounts from the company. Thus they have been constantly running the company at a loss. The company has earned a bad name for this also. Government should take action in this regard also. If you take action against this, then you will be able to recover the arrears of excise duty and other taxes. In addition, you will come to know the fraudulent activities of the company.

One more thing is being done by the company. Under the cover of tobacco, it is distributing narcotics. Big people are engaged in this business. The use of narcotics is on the constant increase in the big cities like Delhi, Bombay and other metropolitan cities. Lakhs of people are engaged in it. The selling agents of the company also try to do the same thing. This is harming the youth of the country. In this connection also our Government should take some action. Government should pay attention towards this in a determined way. This company has spoiled the youth of the country and has earned money by dubious means. This company must be taken over by Government because it has not paid a single penny to Government and has been sending huge sums to foreign countries. It has harmed our country, our youth and has not paid any tax. It has not given any relief to the workers and till

today casual labour has been working on contract basis. The Hon. Labour Minister is sitting here. I want to draw his attention to the fact that the workers in the company are working on contract basis and are casual labourers. They have not been made permanent or quasi-permanent. They have neither been given any facility nor have they been provided with the facility of provident fund and ESI. In spite of large assets, this company has been committing excesses on its workers and it will certainly be wrong if Government do not take any action or investigate the matter. I would like to tell the Hon. Minister that if such people are encouraged, then not only will our trade be adversely affected, but it will harm our country also and we shall not be able to give benefits to those poor people whose economic condition we want to improve. Therefore, it is very necessary to take over this company. If you do not take it over hundreds of crores of rupees due from this company to Government will not be recovered and at the same time, thousands of its workers will lose their bread. Keeping this in mind, the company should be taken over at the earliest and improvement brought about in the functioning of the management so that the people of the country can be benefited. The workers should be provided with all their rights and the company should be run efficiently. The Directors of the company manipulate the things in such a way that they do not give any information about the company. Therefore the Directors should be appointed by Government themselves. More and more Government officials should be appointed as Directors. When more than 50% of the investment has been made by Government, there is no harm in doing so. What are those Government officials doing who have been nominated as Directors? Why is action not taken against them? Why they do not attend the annual meetings of the company and inform Government about its assets and liabilities? They should tell them how the company is functioning and misutilising Government money. You should also conduct an enquiry under the M.R.T.P. Act how such officers have been nominated as Directors of the company who, in collusion with the Company officers, are misutilising Government money and earning profits by dubious means. With this information you will come to know the condition of the company *in toto*. Therefore, I would like to draw the attention of the Hon.

Minister to the fact that though there may be certain technical loopholes in the Bill, but the intention of the Bill is *bonafide*. The intention of the Bill is that this company, which is harming our country, should be taken over. Taking over of the company will prove advantageous to the country and the unlawful activities going on in the company will be stopped and the company will not be able to harm the country. With these words I support the Bill.

\*SHRI R. ANNANAMBI (Pollachi) : Mr. Deputy Speaker, Sir, I am grateful to you for giving me this opportunity to say a few words on the Indian Tobacco Co. Management Taking Over Bill that has been moved by Hon. friend Shri Ram Bhagat Paswan, belonging to ruling Congress (I) Party. I am happy that he has moved this Bill for the consideration of this House. I am sure that the Hon. Minister also will take the House into confidence and give full details about the working of this Company. This company has been taking for a ride the tax officials. The management of the Company has not hesitated to deceive the Government of India in tax matters. Whenever the payment of tax or duty arises, the Company rushes to the Court and gets injunctions for not paying the dues of the Government. Several hundreds of crores of rupees are due to the Government from this Company.

After the recent judgment of the Supreme Court in regard to post-manufacturing expenses, this Company owes to the Government several hundreds of crores of rupees as excise duty. There is systematic evasion of income tax also. The high executives of the Government are paid salaries of Rs. 15,000 a month. Their tour expenses run into several lakhs of rupees. They are also given other financial incentives. Thus the Company successfully evades income tax payment also.

In the name of diversification the profits earned by this Company are diverted to form another Company called Bhadrachalam Papers. Thus the payment of bonus to the workers can be avoided; taxes need not be paid. Besides, for investment capital they can take more money from public sector financial institutions. I understand that nearly 60%

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\*The speech was originally delivered in Tamil.

of the funds invested in these two companies has come from the public sector financial institutions and from public sector banks at a lesser rate of interest to be paid in easy instalments. You can imagine the cumulative benefit this Company gets. That is how from assets worth Rs. 75 crores in 1972, this Company has been able to amass assets valued at Rs. 850 crores in 1985. In thirteen years the assets have multiplied manifold times.

It is not that the Government alone is being cheated. The workers, with whose sweat and blood the Company is earning substantial profits, are not given proper wages. They cannot demand for better wages. They cannot raise their voice for bonus. They cannot ask for other benefits. This is because they are all treated as contract labour. They are not treated as regular workers of the Company. For the workers on contract labour, the Company has no permanent obligations. The workers have no right to insist on getting their dues.

The Company violates with impunity the provisions of Monopoly and Restrictive Trade Practices Act. Every year Rs. 400 crores and more are repatriated abroad.

In the interest and welfare of workers, I demand that the Government should nationalise this company. The Government have got concrete evidence to justify the nationalisation without compensation. The Government is aware of the evasion of excise duty by this Company as it manages to clear the products through the sole-selling agents. The Government is fully in the know of wasteful expenditure being incurred by the high executives of the company.

16.00 hrs.

The first duty after nationalisation, the workers must be given the guarantee of their jobs. Whoever has put in 5 years of service must be regularised. All of them should be made regular employees of the company by abolishing the contract labour system. The Government must tone up the administration so that the dues can be recovered. The standard of living of the workers can be raised.

I take this opportunity to say that such Companies known for evasion of excise

duties and income tax, wherever they are located and however powerful they might be, must be taken over by the Government. After all, all of them have taken financial assistance from public sector financial institutions.

I would like to take this opportunity to refer to another issue. In Mettur, the Alexander Thread Mill has remained closed for nearly six months. Another spinning mill there is also on the verge of closure. In Coimbatore also some Textile Mills are remaining closed. I demand that the Government should bring forward legislation to nationalise them in the interest of workers of these industrial units.

With these words I conclude my speech.

SHRI D. P. YADAV (Monghyr) : Mr. Deputy Speaker, Sir, the House is presently discussing the question of the taking over of ITCL i.e. the Indian Tobacco Company Ltd. As I was listening to the discussion, it appeared to me that perhaps this was a Company which was doing only injustice and was engaged only in wrongful activities and Government were a Partner in it. I have some personal information about this Company and I would submit all that factual information before you.

This Indian Tobacco Company was first of all set up in my Parliamentary constituency of Monghyr some 75 years back. In the beginning its name was the Peninsular Tobacco Company and today it is known as I.T.C.L. all over India. This Company functioned during the British rule also, and today also, whether it is the paper factory at Bhadrachalam, the Khidarpur factory near Calcutta, the Tobacco Company at Bangalore or the cigarette factory at Saharanpur, a good job has been done by this Company in the sense that it has, in its 75 years life, developed the labour force and has given employment to a large number of people. This goes to the credit of the Company.

Sir, so far as this Bill introduced by my friend Shri Ram Bhagat Paswan is concerned, I do not want to oppose it because his intention is *bona fide* and we should get information about and enquire into all the activities of those companies where injustice is done and

unscrupulous means are resorted to but we should see that we do not go on talking about one Company only and leave aside the other Companies. Therefore, I would request the Hon. Minister that if he institutes an enquiry against the I.T.C.L. on certain points, then the activities of other cigarette companies of India as also other cigarette manufacturing units should also be investigated with regard to those points. Sir, I read in the newspapers that a raid was made on the Golden Tobacco Company. What is the actual position? I do not want to go into it. I do not say that how much money is due from such and such a Company. It is a matter of accounts, and the Finance Minister and the Industry Minister should bother about that and if necessary, they may get the matter examined by the Ministry of Finance. If money is due from them, that must be recovered. I agree to that but the activities of other companies should also be enquired into on those points on which the activities of the Indian Tobacco Company are enquired into.

So far as the assertion made by the Hon. Members about the share-holders and the holding firm is concerned, I may submit that I have been the President of the Union of the Monghyr Branch of the Company and I also know certain things. It is true that a contract struggle goes on between the labour force and the management. A lot of fight goes on. I have seen there that out of the two thousand workers, there is no one who is on casual labour. When someone retires from the Company, his son or any other member of the dependent family is taken into service. The Company pays bonus also. I have seen that around 20 to 22 per cent bonus is being given by them but other facilities like labour hostel and houses have not been provided. Therefore, I feel that these facilities should definitely be extended by the Company. There should be labour participation in the management and there should be a single union. I would request the Hon. Labour Minister who is present here, that he should bring forward a Bill at the earliest to provide for one Company-one Union. That Union should only be recognised.

SHRI SYED MASUDAL HOSSAIN (Murshidabad) : There should be secret ballot.

SHRI D.P. YADAV : Yes, but in one Company there should be only one Union.

So far as payment is concerned, I know something about it also. Mr. Deputy Speaker, Sir, this Company has paid Rs. 409 crores in 1981-82 as excise duty and in 1982-83 and 1983-84, it has paid Rs. 503 crores and Rs. 490 crores as excise duty respectively. It is said that this Company sends Rs. 400 crores to foreign countries. Its earning is Rs. 650 crores and it pays Rs. 500 crores as taxes. Out of the remaining amount, Rs. 150 crores is spent on the salaries of the workers and management and Rs. 20 crores or Rs. 25 to 40 crores will remain as net profit. 37 per cent of its equity shares is held by foreigners. In this way the Company can, at the most, send Rs. 2 crores to Rs. 5 crores outside India. Therefore, I do not agree that Rs. 500 crores worth of foreign exchange is sent to foreign countries. You should get all the facts examined and such charges should not be levelled as are not based on facts. You should recover the arrears of excise duty, income tax etc. and you should compel them to pay the dues of the workers also. The Labour Minister is present here. Therefore, I would request the Labour Minister to instruct that a person appointed as a class IV employee should not necessarily retire as a class IV employee. I want that this system should be abolished that the son of a labourer should be appointed only as a labourer. The Company should be compelled to take measures to increase the academic and educational facilities. Whether it is the India Tobacco Company or any other Company, provision should be made that the sons of class IV employees should be in a position to be appointed as managers. The ideal situation will be to provide for at least 50 per cent of the manager's vacancies to be filled by the sons of class IV employees.

One more instruction you should issue under which this Company should participate in rural development programmes. This Company should take part in rural development programmes and social work. It should establish academic institutions and research centres so that the society may be benefited.

Regarding management, there can be shortcomings and they are there but if the management is clean, then to my mind it

should not be nationalised. We have already many nationalised factories and it is not that all these factories are earning profit or proving very beneficial to the workers. Whether you take over a sick mill or a good mill, you cannot say with certainty that it shall earn profit.

Our Hon. friend has said that labour laws are being flouted. I have been the President of that union. I have never seen them daringly flout the labour laws. Whatever is the truth, I am stating. We should pay attention to whatever shortcoming is there. I have already spoken on this. Whatever is the loss has been shown in the accounts. All the points relating to accounts which have been raised here can be examined by the Finance Ministry. There cannot be two opinions about this. This should also be kept in mind that such points do crop up in competitive Companies.

I conclude with these few words and thank you for giving me an opportunity to speak. The Hon. Minister is sitting here and whatever he decides, we shall have to abide by that.

**SHRI MOOL CHAND DAGA (Pali) :** Mr. Deputy Speaker, Sir, the Hon. Member who has moved the Bill has done a lot of hard work. Perhaps during the days of Holi he prepared the Bill because it is a well drafted Bill. My wisdom is not proving as sharp as that of the Mover. His wisdom has helped him while I have not been able to understand the Bill.

The Hon. Minister is very efficient and will give a befitting reply. He should tell us how much Government money has gone down the drain. He should also kindly tell

16.13 hrs.

[**SHRI SOM NATH RATH** *in the Chair*]

us from which financial institution the company has taken loan and which of the loans have proved irrecoverable.

He has further started that the labour laws have been flouted. The Hon. Minister is present here. He should tell us whether the labour union belongs to the INTUC or ATTUC or to some other political party

because of which they have flouted these laws ?

He should also tell us how it is that a major share of the income is taken by some persons. It is a private company owned by private individuals and they earn the profit. Whom do they authorise to use that profit ? How much black money have they earned ? With this, you have already tarnished the image of Government. It is a very serious question. The Hon. Housing Minister, the Law Minister and the Industry Minister are sitting here. An important Bill is being considered here you are all Ministers of Cabinet rank. You should pay attention towards this because with this everybody's image has been tarnished. I am of course saved. Shri Bhagat has done something to improve the image. If you introduce a Bill it should include a specific act, it should not be generalised. You should indicate the names of the institutions from which loans have been taken stating the amounts of loans taken and the outstanding amounts along with the periods for which repayments were not made. Then, you have said that, many cases are in litigation, if so, what are these cases of litigation ? You should make only specific allegations against a company. You have said that Government should take over this Company, but have Government such a right ? Under which law should Government take over this Company ? There is a law to challenge the acts of Government and our judiciary functions independently. Shri Bhagat might be clear in heart and in his intention, but it should also be known as to what the spirit behind his bringing forward this Bill is, I think it would be better if he withdraws this Bill for the present and then gives it a patient consideration as to how much money is due from the Company, how much money is due to the workers, how much black money has been amassed by the company and how much unaccounted money is there. As at present, he does not have any facts and figures. If you are to lower the image of a certain company, if the Hon. Member has the right to erode the good will and lower the image of that company in the business community in public interest, then he should also tell us all these facts, so that we could also know whether Government can take over that company legally under the provisions of the Bill which is going to be passed by Parliament, but if he says

something against a company, and makes only general and vague allegations against it, it lowers the prestige of this Parliament. Therefore, he should kindly give us facts and figures. The Hon. Labour Minister is present here and he will certainly take legal action. If there is some unaccounted money, you lodge a report under the laws governing the unearthing of black money for which you will get a reward and, perhaps, you may get one-fourth share also. If that company has evaded excise duty, then the Hon. Finance Minister has announced in this very House that if a person gives information about evasion of excise duty, he will be rewarded. So, he should also not be deprived of that reward.

I think Shri Bhagat has put in a lot of labour on this Bill and if he has these facts, he may tell us those things right now. (*Interruptions*) You have written 6 to 7 lines in this Bill stating that it will boost the image of Government. But the image of Government will be spoilt when they will not be able to take over this company on the basis of this Bill. Even the Hon. Minister will not be able to take any step without any basis. Therefore, I want that Shri Bhagat should withdraw this Bill. We agree with him in principle and we have a great regard for him, but, perhaps, he has not drafted this Bill. This Bill has not been drafted by our Bhagatji, it is some other Bhagat who, perhaps, has drafted this Bill. You just rise and say that you will place the facts relating to this Bill before the House. You establish contact with the Hon. Minister and tell him that they are indulging in wrong deeds. This will improve your image. If you lodge an F.I.R., with the police some action can be taken under rule 182. Whosoever has drafted this Bill, kindly give the facts so as to prove that the Government are losing money and the outsiders are earning so much profit. The Hon. Member has also been a Member of Rajya Sabha and I appeal to him that he should reconsider it and go to the Hon. Minister along with facts. If there is some weight in what you say, the Hon. Minister will agree to it. Through this Bill, neither the company can be taken over nor any other action can be taken. It is not in consonance with the rules to make allegations in Parliament against someone without any basis. I not only oppose this Bill, but I request that this Bill

should be considered by a Committee and only then any action should be taken.

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY AND COMPANY AFFAIRS (SHRI ARIF MOHAMMAD KHAN) : Mr. Chairman, Sir, first of all, I would like to congratulate our Hon. Member, Shri Ram Bhagat Paswan who has moved this Bill on the vigilance that he has displayed in this regard. Congratulations are also due to him because he had raised many questions on the subject while he was a Member of Rajya Sabha and this Bill was also introduced in the Upper House in 1983, but due to some reasons, it could not be considered. He has studied this question. If he has received information to the effect that the company is evading taxes or is indulging in other irregularities or is violating the law, then he has, in a way, expressed his concern over all these irregularities and violation of laws. But the information which he has received and on the basis of which he has moved this Bill in the House for consideration, is perhaps, not based on facts. According to the objects and reasons given by the Hon. Member for this Bill, on which other Hon. Members have also expressed their views, more than 50 per cent of the capital invested in the company has been given by Government Institutions, whereas its profit is being pocketed by some individuals. Similarly, it has also been said that its board of management is earning black money. The company has tried to evade a large amount of excise duty and has not paid it. He has also complained about the violation of labour laws and, particularly, one Hon. Member from Rajasthan, Shri Vyas has expressed his grave concern over it. I think—if the information given by him is correct, it is certainly a matter of concern.

[*English*]

MR. CHAIRMAN : The time is extended by half an hour for the Minister to say and the mover to reply, because two hours which were allotted are over.

[*Translation*]

SHRI ARIF MOHAMMAD KHAN : If labour laws are being violated, the workers

are not getting their due rights. They are not being made permanent, and they are not being provided with other facilities then the concern expressed in the House on the subject is justified.

But before I give a detailed reply in this regard, I would like to say that a more detailed reply has already been given by the Hon. Member, Shri D.P. Yadav who is also the President of one of their trade unions. I shall place before you the information which I have with me on the subject. The Hon. Member has also said that if I.T.C. is taken over, Government will get an amount of Rs. 300 crores out of the profits of the company and with that money, the money required for completing Government projects can be made available. He has also complained that the Board of Directors of the Board of management of the company is incurring excessive expenditure, whether it is travelling expenses or advertising expenses, due to which the production cost goes up considerably and that the take over will help Government to control the prices.

Generally, the policy of Government with regard to take-over is that in cases where in public interest the take-over is deemed to be justified, there are some grounds for it, if production in a unit is declining abnormally or the unit is being mismanaged, then with a view to checking such mismanagement, running it efficiently, maintaining the production at the desired level, Government consider the proposal of taking over in such circumstances. Generally, it is not the policy of Government to take over a unit which is a healthy one, the production of which is good, which is being managed efficiently and which is functioning properly.

Now, the first submission made about this unit that 50 per cent of its investment has come from Government Institutions is not correct. Of its total capital, the investment made by the public financial institutions, nationalised banks or insurance companies is only 34.80 per cent. The share of non resident companies is 37.28 per cent. The shares of Directors and their relatives constitute 0.05 per cent of the total capital, the shares of Indian corporate bodies are 0.72 per cent and those of others 27.15 per cent. The profit is distributed among the share holders according to the share held

by them. Everybody knows that the profit earned by the company is distributed among the shareholders on the basis of the share pattern.

The main point which has been raised against this company relates to evasion of excise duty. Sir, out of the gross income of Rs. 698 crores in 1983-84, the company paid Rs. 479 crores as excise duty to Government, not only this, they have also set a part an additional amount of Rs. 7 crore, in respect of which cases are pending in the Supreme Court. After the verdict, this amount will be due from the company. Sir, this is not the only company whose cases are pending in the Supreme Court. There are many other units or undertakings, cases of excise duty in respect of which are pending in the Supreme Court. The Supreme Court has also given verdicts in some cases, but its verdict on the appeal filed by this company has not yet come, and after the verdict the entire amount due, I am told, will be paid by the company.

As I have said earlier, this is important that the company has already paid Rs. 479 crores as excise duty out of its total income of Rs. 698 crores. In May, 1983, there was a dispute regarding section 4 of the Central Excise and Salt Act and the Supreme Court has given its verdict on that but there has been no decision yet on the appeal filed by this company. I have been told that the company will pay that amount to Government. The financial position of this company can certainly be described as satisfactory. After the Hon. Member had moved this Bill in the House, I have received a note from the Reserve Bank in which the Reserve Bank has commented upon the financial position of the company as under :

[English]

"Its accounts and overall performance are quite satisfactory. Its management is vested in the hands of the Board of Directors consisting of representatives of various financial institutions and professionals. The company is considered to be one of the best managed having an excellent professionals set up."



[*Translation*]

As I have said earlier, the excise duty paid by this company was Rs. 479 crores in 1984, Rs. 492 crores in 1983, Rs. 400 crores in 1982, Rs. 295 crores in 1981 and Rs. 318 crores in 1980. What I want to say through these figures is....

[*English*]

**SHRI RAJ MANGAL PANDE (Deoria) :**  
I am on a point of clarification.

So long as there is nothing against the Company by any Government Auditor or Government agency, is it necessary for the Minister to explain the situation why the Company should not be taken over? The Minister is explaining why it should not be taken over and he is replying to this issue. The point of order is that there is nothing against the Company either by a Government auditor or any such agency appointed by the Government to find out that there is some such kind of irregularity necessitating the Company to be taken over. So long as there is nothing against the Company, is it necessary for the Government to explain away the situation under which the Company should be taken over or nationalised?

**MR. CHAIRMAN :** It is not a point of order.

**SHRI ARIF MOHAMMED KHAN :** I don't think all these allegations have been made.

[*Translation*]

It has been said that a major portion of the profit is being pocketed by some private individuals but as I have said earlier, the profit is distributed in proportion to the shares invested in the company. The dividend is distributed to individuals in accordance with the shares held by them in the company. Hon. Daga Sahib has referred to black money. There are laws to check it also. If some specific complaint is made, we have got the authority to deal with it. This authority is not only for this company but if we receive any complaint against other companies we shall take action under the law and authority against those companies as well.

Shri Raj Mangal Pande was just now saying that it was not desirable to divulge everything about this company. Since many things had been said earlier and the Hon. Members had said something on the basis of their information, So I thought it proper to furnish the information here which I have with me. Otherwise it was not necessary to say anything about it. I thought it would be better to remove the misapprehensions in this regard.

It has also been said that its Board of management has been incurring excessive expenditure on itself. I have a major item with me for 1983-84 which pertains to the expenditure of Rs. 83-10 crores. Out of it, a sum of Rs. 34.73 crores was spent by this company on payment of wages, provident fund and for the welfare of the workers working there. Similarly, sum of Rs. 6.32 crores was spent on travelling and advertisements. I think it can not be said that the amount spent was excessive or was more than necessary.

This company has paid Rs. 479 crores last year as customs and excise duties. Besides this, it has also paid Rs. 7 crores Government have received Rs. 479 crores which will definitely be utilised for undertaking a number of projects of public interest. This is more than two thirds of the profits earned. This constitutes two-thirds of the entire turn over.

Sir, this is not the only company engaged in manufacturing cigarettes. There is a component of competition in it which itself helps in maintaining the price control. Besides this we have the provisions of the Essential Commodities Act to keep a check on prices. If it is thought that the prices are very much on the high side, even then there is no need to introduce a new Bill for that. We already have the Essential Commodities Act and we can use its provisions. I think in the context of the objects and reasons which the Hon. Member has stated, the facts which I have placed before the House and what Shri D. P. Yadavji, who is the President of the Trade Union, and Shri Dagaji have said must have removed the misapprehension and the concern which the Hon. Member had expressed at the time of the introduction of the Bill. I hope now he will not press it any further but

withdraw his Bill.

One more thing has been said. I am not remembering the name of the Hon. Member. Probably Shri Mohar Singh had said something about the export of fish by the company. Legally there was no violation of the law in this case. According to the information available with me, the export of fish was permissible under the law. So, there was no violation of the law in this case.

Similarly, it has been said that they have tried to enter the field of small scale industries. They entered such fields as have been reserved exclusively for the small scale industries. Our Hon. Member has made this complaint also that they have purchased 10 per cent shares of Triveni Handlooms. According to the information received from the concerned department, no violation of law has taken place in this case. It was permissible under the law.

I thank all those Hon. Members who have taken interest and made their contributions in this discussion and also expressed their views and request the Hon. Shri Ram Bhagat Paswan that since all the facts have been placed before him, he may withdraw this Bill.

**SHRI RAM BHAGAT PASWAN** (Rosera) : Mr. Chairman, Sir, I express my gratitude to those Hon. Members of the House who have raised their voice in this House on behalf of the people against this capitalist and multi-millionaire company. Sir, Mr. Daga, is not present here. I had delivered my speech in this House on the 12th instant and I had given all the facts and figures in my speech. It was not superficial speech but it contained the answers to those questions which I had asked in the Rajya Sabha from time to time. Those answers are still with me and I am laying them on the Table of the House.

Hon. Yadavji has stated that they have increased the enrolment of the labour force tremendously. This is true, but I am also the President of All India Labour Welfare Association and I have received several complaints against this company. May I know whether it is not a fact that even after putting in more than 350 day's continuous

service the workers have not been declared permanent and work from them is being taken on contract basis? This matter should be investigated. Shri D.P. Yadav belongs to Bihar and I also hail from that area. The cigarette factory is situated at Monghyr in Bihar. Injustice is being done to the workers there. I can place all the facts before you. Mr. Chairman, Sir, Hon. Shri Daga has forcefully pleaded their case. He has said that I have presented this Bill without going through the facts....[*Interruptions*]

**SHRI SYED MASUDAL HOSSAIN** (Murshidabad) : He is a very good lawyer...

[*Interruptions*]

**SHRI RAM BHAGAT PASWAN** : It seems that he is aware of all the facts. If he gives me 10 minutes' time, I can place all the facts before the House and tell the House how many laws have been violated by the company. I have replies to my questions regarding the violation of the M.R.T.P. Act, the Finance Act and the Industrial Disputes Act committed by them. The Hon. Minister has said that they have paid Rs. 479 crores. I have just received a letter from the Finance Minister, which I would like to read?

[*English*]

"I understand that the amount is pending realisation as these matters are in dispute in courts. Depending on court decisions, the exact amount can be quantified. However, pending decision by the courts, M/s I.T.C. Ltd. have made an *ad hoc* payment of Rs. 19 crores so far."

[*Translation*]

This letter dated 8th March, 1985 from the Finance Minister is with me. They have made this *ad hoc* payment whereas it is learnt from the reply to the question that in February 1983 the Supreme Court had ordered Government to realise a sum of Rs. 109 crores from the the I.T.C. Out of it, the company has made payment of Rs. 19 crores only. Whatever facts I have got with me, these have been received from the Government. After this, they have filed 33 suits in the Supreme Court and the High Court. I am not merely delivering a speech but presenting facts before you. It is matter for

happiness that Mr. Daga has come again. Had he been present on that day he would have got all the facts. I am again giving him all the facts because he has pleaded their case very well. I would like to tell him that they have obtained stay orders in 33 cases from the Supreme Court and the High Court.

\*\* has written :

[English]

“Stay orders have been granted by the Supreme Court and other High Courts in about 14 cases. Applications for vacation of stay have been moved before the courts concerned. The Department has also admitted to establish a close coordination with the Law Ministry at the highest level for expediting the action in the court by way of getting the cases listed and heard. Cases are also being mentioned before the court so that they may be taken up for hearing.”

MR. CHAIRMAN : That cannot be referred to.

[Translation]

SHRI RAM BHAGAT PASWAN : They have taken stay orders, but the excise duty is still outstanding. They have evaded excise duty...[Interruptions]

SHRI MOOL CHAND DAGA : I would like to know whether he has got a certified copy.

SHRI RAM BHAGAT PASWAN : I have with me all the original copies. He does not know even this much that original copies are certified copies. He has spoiled the image of Parliament... [Interruptions]

Parliament is a supreme body. If anyone indulges in any illegal activity, Parliament has got the authority to take action against him. I have brought forward this Bill in the interest of the people and the nation.

[English]

MR. CHAIRMAN : Any reference to an officer is expunged.

[Translation]

SHRI RAM BHAGAT PASWAN : Mr. Chairman, Sir, I am going to lay the facts and the answers which I had received on the Table of the House.

Mr. Chairman, Sir, are there restrictions on the growth of any multi-national company the rules framed under the M.R.T.P. Act. Previously, the name of the company was American British Tobacco Company and now its name has been changed as Indian Tobacco Company. From its very name one comes to know that this company is manufacturing cigarettes, but it is also engaged in the activity of catching lakhs of tonnes of fish from the sea-shores and exporting them to foreign countries. I would like to know when you had given them permission in this regard.

After that, when a raid was conducted in Maurya Hotel to find out their illegal activities,—those those facts are with us .... [Interruptions]... ..their executive went to the court and obtained bail. My friend has said that. I have spoken without having any facts. I would like to inform him of the facts and would like to place all those facts before the House. I am presenting all the Papers here.

[English]

“The Indian Tobacco Company owned Hotel Maurya management in the Capital had allegedly broken open the shop’s lock, removed goods worth Rs. 8 lakhs. damaged fixtures and fittings and intimidated the firm’s partner, the complaint pending before the court said.

On 6 July last, the Magistrate issued search warrants for the recovery of the ‘stolen goods’. A police party raided the Hotel premises and recovered most of the goods which included pashmina, Kashmiri shawls, handicrafts, woollen garments and items of tourist interest.

In the second search, the police are alleged to have recovered two packets containing a substance like "charas".

[*Translation*]

These are the facts. In addition, Mr. Chairman, Sir, I have with me the newspaper *The Patriot* of 31 July 1983 which is a popular newspaper of India. In this paper also a report about this company has been published. If I get time, I would like to submit all those facts before the House, which I have obtained in answer to questions. It becomes clear from these that the company has violated the M.R.T.P. Act, the Companies Act and the Finance Act.

Mr. Chairman, Sir, in reply to the Question No. 1076 of 2 August, 1983, it was stated that the allegations regarding concealing of production and sale by the I.T.C.L. would be enquired into, but till today no enquiry has been made. I am stating before you the factual position. Similarly, they have their bogus agencies. It was stated that this too would be looked into but that enquiry has also not been completed. I am quoting these facts from the replies to my questions. These are the facts. [*Interruptions*]... Similarly, in reply to Question No. 1190 dated 8 May, 1984 it was admitted that Vazir Sultan of I.T.C.L. had manufactured between 1 December, 1983 to 30 April, 1984 72 crore pockets of cigarettes without printing the prices on them. No investigation has been made in this regard also, whereas an assurance had been given about conducting investigation in this regard as well. I am laying all these facts on the table of the House. You may go through them.

Subsequently, according to Question No. 1190 one unit of I.T.C.L. sold cigarettes worth Rs. 56.63 crores between 1 January, 1984 and 30 April, 1984 [*Interruptions*]... If you do not give me time, how shall I be able to tell you that I had delivered my speech on the basis of facts?

I have said all these things based on facts. This company is flouting all the rules. Therefore, in the interest of the country, it is necessary that it should be taken over. Till you take it over, a committee of the Hon. Members should be constituted which

should enquire into how the big industrialists of such a large company are earning money and becoming capitalists and its dividend is being sent to foreign countries whose excise Duty, Income Tax and Sales Tax are being evaded. Strict action should be taken against it. For this purpose, a Committee of the Hon. Members should be constituted.

With these words, I am laying all the facts on the Table of the House\* and request for leave to withdraw the Bill, but with this definite demand that in the interest of the nation, an enquiry Committee should be constituted so that the activities of the company may be looked into.

[*English*]

MR. CHAIRMAN : The question is :

"That leave be granted to withdraw 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."

*The motion was adopted.*

SHRI RAM BHAGAT PASWAN : Sir, I withdraw the Bill.

MR. CHAIRMAN : Now we go to item No. 15 of the agenda. Prof. Narain Chand Parashar.... He is not present in the House.

We go to item No. 16. Shri Saifuddin Chowdhury.... He is also not here.

Item No. 17. Shrimati Bibha Ghosh Goswami.

16.57 hrs.

WORKING WOMEN WELFARE BILL

[*English*]

SHRIMATI BIBHA GHOSH GOSWAMI (Nabadwip) : Sir, I beg to move :

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\* As the Speaker subsequently did not accord the necessary permission, the papers were not treated as laid on the Table.