

SHER SINGH) : (a) No, Sir. The head office of the Food Corporation of India is now located at Delhi.

(b) and (c). Do not arise.

12 hrs.

**CALLING ATTENTION TO MATTER
OF URGENT PUBLIC IMPORTANCE**

**REPORTED MALPRACTICES AND IRREGULARITIES BY SHIPPING COMPANIES
IN IMPORT OF NEWSPRINT**

PROF. MADHU DANDAVATE (Rajapur) : Sir, I call the attention of the Minister of Shipping and Transport to the following matter of urgent public importance and request that he may make a statement thereon :

The reported malpractices and irregularities by certain shipping companies in the import of newsprint through the State Trading Corporation resulting in loss of crores of rupees of foreign exchange to the country.

THE MINISTER OF PARLIAMENTARY AFFAIRS, AND SHIPPING AND TRANSPORT (SHRI RAJ BAHADUR) : The hon. Member is presumably referring to the newspaper reports on the subject that have been appearing in the press recently

I do not think it is correct to say that there has been malpractice and irregularities depriving Indian Shipping Companies of foreign exchange in crores of rupees in the import of newsprint through the State Trading Corporation resulting in loss of crores of rupees of foreign exchange to the country. If the member will let me know specific instances, I shall have the matter investigated.

PROF. MADHU DANDAVATE : On the 2nd of July, that is, this month, the President of the All India Port and Dock Workers Federation, Shri S. R. Ku'karni, addressed a press conference in which he had referred to the malpractices and irregularities to which I have referred here. If the Government had responded and given its reaction and issued the necessary clarifications, I would not have come forward in the House and drawn the attention of the Minister concerned to these irregularities. Since he himself in his statement has almost provoked me

to give further details which he would like to investigate, I would like to place before him for his information and necessary action elaborate details with all the documentary evidence that is at my disposal. Sir, as far back as four to five years, I would like to draw your attention to the fact that the shipping companies which are members of the Karmahom Conference Lines had given a very important concession to the governments of developing countries. The concession is that if some companies want to export materials which are to be used for the proprietary purposes by Government either Central or State Governments or by autonomous bodies or local bodies in that case on the freight charges there would be 25% rebate. It is made explicitly clear that this rebate would not be admissible in case the goods are to be sent for being utilised for commercial purposes and, therefore, this particular rebate is not to be made available if at all the goods exported are meant for commercial purposes.

Now, Sir, here I want to point out that there are a number of cases in which certain companies have exported newsprint giving wrong declaration that those newsprints are not meant for commercial purpose but they are to be utilised by the Government either at the State level or Central level or by some autonomous body. Here, for instance, I would like to point out that certain unscrupulous shippers made wrong statements that newsprint that is being despatched by them through a particular ship is meant for governmental purpose and 25% rebate should be available. Letters were addressed. For instance, last year the State Trading Corporation entered into an agreement with a Canadian firm, M/s. Export Sales Co. Ltd., Vancouver, Canada for the supply of newsprint. As far as the clause regarding rebate is concerned it is to be made available if the newsprint is to be used for government purposes. A categorical declaration was made by the representative of this Organisation that it is meant for governmental agencies and allied agencies and after making this statement the amount of rebate to the tune of 500 U. S. dollars was obtained and to this extent we had lost the foreign exchange. Here again the matter was pointed out by certain officers of the Scindia Steam Navigation Company. They detected the irregularity. They found this rebate is not permissible at all. They had actually written a letter in which this irregularity and malpractice has been pointed

[Shri Madhu Dandavate]

out. Sir, I seek your permission to *table all those photostat copies of the documents available with me and in case, Mr. Speaker, Sir, you do not permit me to table these documents I am prepared to hand-over these documents to you and when you scrutinise these documents and feel it would be worthwhile to pass on these documents, I would like you to pass on those photostat copies to the Minister because in his investigation those will be useful. The estimated loss of foreign exchange is to the tune of Rs 7.5 crores

Here in this connection I would like to pose certain questions—pointed questions—and I am sure if the Minister tries to investigate the matter these questions will be of great use :

1. The main purpose of allowing the State Trading Corporation of India to control the import of newsprint was to eliminate the middlemen who were exploiting the users of newsprint. The State Trading Corporation was also required to purchase the material at the source. Why did the STC enter into contract with M/s. Export Sales Co. Ltd., Canada, who were not at all the manufacturers of newsprint ?
2. The financial viability of M/s. Export Sales Co. Ltd., Canada, was not known and four leading Banks in Canada could not give the financial status of this company. It is understood that this company was floated by three monopolistic paper manufacturers in Canada and has no capital as such. Further, the agreement entered into with this company by the State Trading Corporation does not provide for Performance Guarantee and Penalty Clauses. Why these Clauses which are included in normal agreements were not included in the agreement which was entered into by the State Trading Corporation ?
3. It was understood that M/s. Export Sales Co. Ltd., Canada, have M/s. D. S. S. I. Industries Ltd., Greater Kailash, New Delhi, as their agents in India. The partners of this Company are Major Vinod Khanna

and Mr. Vipin Khanna. These partners, it is said, were involved in the famous sulphur scandal which occurred a few years back and our country had lost nearly Rs. 50 crores in the deal. How these persons were allowed to operate under a different title and to conduct business with the State Trading Corporation of India on behalf of their principals ?

4. The Bill of Lading of any consignment is prepared by the Shipping Company or their Agents. How the Agents of M/s. Scindia Steam Navigation Co. Ltd., in Canada admitted the declaration made by M/s. Export Sales Co Ltd ? What sort of verification they conducted before admitting the declaration by the Shippers ?
5. It is understood that in accordance with the Agreement between the State Trading Corporation and M/s. Export Sales Co. Ltd., Canada, the total CIF value of paper was 170 U.S. dollars per M. Ton. The same quality of paper was available at a cheaper rate than quoted by M/s. Export Sales Co. Ltd. Why did the State Trading Corporation purchase the newsprint from M/s. Export Sales Co. Ltd. when the other manufacturers were prepared to sell the newsprint at a lower rate ? The total value of the newsprint imported to India during the last year was about Rs. 20 crores out of which the freight charge element was about Rs. 6½ crores. On this basis, the Shipping Companies have been cheated in the freight rate to the tune of Rs. 1½ crores in the last year only.

I may just make a passing reference for a proper investigation to another shady deal which has come to light and that pertains to the rice export by the State Trading Corporation to the Middle East countries. As per the terms of contract, the importers of rice in the Middle East have to pay the F. O B. value whereas it is understood that the freight charges are being paid to the Indian Shipping Company in Indian currency. It is suspected that the country is also losing foreign exchange in this deal.

*The Speaker not having subsequently accorded the necessary permission, the documents were not treated as laid on the Table.

Having posed all these questions, I would like to repeat the suggestions already made by the President of the All India Port and Dock Workers' Federation. Here is a question of sharpening the image of the public sector. As a socialist primary concern is of sharpening the image of the public sector. I have a commitment to the public sector and, therefore, as an interested party, I would request the hon. Minister, if the image of the public sector is to be improved, sharpened and brightened, it is quite necessary that a proper investigation should be undertaken and that the matter should be properly gone into through a Parliamentary Committee. Therefore, I would like to know from the hon. Minister whether the Government will be willing to undertake a probe through a Parliamentary Committee so that the people will be convinced that there is an effort on the part of the Government not to bring the public sector into disrepute and that, if there are any cases of corruption, nepotism, high-handedness, irregularities and malpractices, they are going to get rid of those things so that the image of the public sector is improved.

In conclusion, with your permission, Sir, I would like to seek a clarification from you in connection with Calling Attention Notices. On some other occasion, during the Calling Attention Motion, it was pointed out by the External Affairs Minister that no Member in this House should table a Calling Attention Notice on the basis of press reports. Yesterday, I went through all the reports and I found that 99 per cent of the Calling Attention Notices for the last several years were given on the basis of press reports. We have no governmental agency through which we can get information. Of course, those people who have links with foreign countries and foreign Embassies can get a different information. But we have to rely on press reports.

Here, I may point out that the very fact of the first Chinese aggression on India was brought to light by the press reports and only on relying the press reports some alert Members of this House had brought the fact of Chinese aggression through Questions and Call Attention motions before this House. Even the fact of aggression had to be extracted from an adamant government and the Defence Ministry on the basis of the reports that have

appeared in the Press. Therefore, I would like to know from you—as a new Member, I would like to know—whether it is against the best traditions and convention of this House to depend upon the reports appearing in the Press while tabling a call attention motion? If in the discussion of the call attention, it turns out that the press report is wrong, we are very happy and if the press report turns out to be correct, then the country stands to benefit. Therefore, I think it will be quite right for us to base our call attention motions on press reports. I am only seeking clarification from you, Mr. Speaker, Sir. These are the questions that I have posed and I hope the Minister will not evade the issue.

MR. SPEAKER : When I choose any call attention motion, it does not matter from what source it comes. But, if I am convinced that some substance is there in it, I do admit it. But don't make me commit myself for the future, I myself read the news in the Press and I know the Press in this country is quite responsible.

SHRI RAJ BAHADUR : I have very carefully gone through the press report. The Press report, for the sake of clarification if I may be permitted to quote, reads as follows :

"The false declaration by a Canadian firm selling newsprint to India has deprived Indian ship-owners of foreign exchange worth Rs. 7.5 crores."

The allegation is that Indian ship-owners have been deprived of Rs. 7.5 crores in foreign exchange. May I say, Sir that it was due to the efforts of our Department that some time ago rather some years ago, that a special concession was secured from the American Lines operating from the East Coast of USA which was also followed later on by shipping companies operating from the West Coast of Canada coming to our country. It was for our cargoes coming from those countries that, a freight concession was given, to the extent of 25%. The shipping companies because of the nature of our developing economy have allowed us this particular facility of concession that the freight charges have been reduced.

So, it was a sort of an agreement between the Shipping Lines and between ourselves and

[Shri Raj Bahadur]

naturally, the STC has got a large share in our trade. So, I would say that so far as we are concerned, there is no question of our country losing foreign exchange. Much of the cargo comes in foreign vessels also. There are some Indian Shipping companies also in the trade. Therefore, I asked as to which of the Indian Shipping companies have suffered a loss so that we may make an inquiry.

Now, only one instance has come to our notice. Since it has come to our notice not with all the facts and figures, therefore, I said that if facts are given to me, I will have it investigated. The hon. Member has given certain facts and figures. We are always prepared to investigate these. We shall try to do whatever we can. The only case that has come to our notice is that of a shipment that came after December, 1970. I must also clarify this thing too. This concession of 25% obtained upto December 1970 for all cargoes. After December 1970 the Shipping Companies raised the point, that all cargoes are not essentially development cargoes or are not meant for development projects, therefore, this concession will be available only for such cargoes as are used or utilised for developmental projects. Therefore, they excluded the private cargoes from this concession. This rule came into operation from 1st January 1971. A particular consignment, after this change, perhaps because of lack of knowledge or otherwise, was, of course, shipped through M/s Exports & Sales Co. Ltd, Vancouver on CIF basis per S S Jalgopal in April last. It appears that notwithstanding the change in the regulations that 25% will not be allowed for newsprint imported for resale by the STC—STC brings newsprint and sells it to governmental agencies as well as non-governmental agencies—the American agents of M/s. Scindia Steam Navigation Co apparently allowed the discount of 25% on this cargo amounting to 9067 dollars equal to Rs. 66,567 only. However, no concession on this basis could be allowed. They took up the point with us when they came to know of it. Our reply could only be one and it was that this was a contract on CIF terms between the shippers in Canada, namely, the Exports Sales Company and the Scindias, and the Government of India did not come into the picture. If they had a claim they will have to vindicate that claim against Export Sales Company Limited.

The rest of the questions put by the member do not arise. He referred to certain specific points and I may only say a few words about them. He asked: why are the Export Sales Company Limited used for the purpose of import of newsprint. This question essentially goes to the jurisdiction of the Foreign Trade Ministry,—they may have some reasons,—and I would really not like to say anything which I do not know, on behalf of that Ministry. He asked about the capital assets of the company and I may say I have no information about this too. In regard to the penalty clause, I may say that such a clause which could have been included in the contract between the shippers and the shipping company. The Government does not come into the picture. The question why there was no penalty clause, is one which should be settled between the shipping company and the shippers. About Major Khanna and others, I don't know how far it is correct, but I may say, any company may appoint anybody here. If a company is black listed the Government do not deal with it. But this is again a matter relating to Foreign Trade Ministry.

SHRI D. N. TIWARY (Gopalganj) : There is the report of the Public Undertakings Committee about the sulphur deal.

SHRI RAJ BAHADUR : I am not saying anything about that. He asked about a foreign company and so I said that the question has to be addressed to another Ministry. Another point that he raised was about the value of the newsprint. If Rs 20 crores is the total value of the newsprint Rs. 7.5 crores could not have been the loss on freight. Then he said about middle-east, about which I have no information. He said about improving the image of the public sector. I certainly join hands with him in doing that. Then he asked for a Parliamentary Commission to go into it. I think there was hardly any case made out for that and I could hold out no assurance on that. About press reports, Sir, you have dealt with that question, but I would add that what matters is the correctness of a report. If they are truthful, they could be acted upon.

PROF. MADHU DANDAVATE : He said if the newsprint comes through foreign vessel the question of our suffering foreign exchange loss does not arise. Scindia Navigation Co. has a vessel 'Jalgopal' and if

newsprint comes through that there will be loss of foreign exchange.

SHRI RAJ BAHADUR : I have already said about this.

Re. LAW AND ORDER SITUATION IN WEST BENGAL

SHRI DINEN BHATTACHARYYA (Serampore) : Since the proclamation of President's rule, so many incidents of murders and killings are reported from Calcutta. On the 2nd of this month Sri Mahadev Banerjee, a CPI (M) leader, got down at Kalna station platform at 11 at night several assailants-known Goondas jumped upon him with deadly weapons. Sri Banerjee rushed into the Asstt. Station Master's room. The Goondas chased him there and killed him most heinously. Every day you will find that so many persons are being killed and especially the CPI(M) workers and leaders are the targets and no step is taken from the Government quarter. The Prime Minister said that she has not sent Shri Siddhartha Shankar Ray with any special mission : but this gentleman is occupying a room in the Writers' building and doing all things as if he is the ruler of West Bengal. I want that the Home Minister must make a statement here and now. Further by order of Sri Ray military is being sent everywhere. Indiscriminately, they are firing and killing persons. People are asking for protection, but nothing is being done. There is no Assembly there. We are the elected representatives of the people here, and we want to draw the attention of the House as to how serious and horrible situation is prevailing in West Bengal. What right has Shrimati Indira Gandhi to employ the military indiscriminately in the districts and use the military and the CRP to kill persons like cats and dogs ? This kind of thing must be stopped, and the hon Minister must make a statement thereon.

SHRI MANORANJAN HAZRA (Arambagh) : The hon. Minister must make a statement.

12.26 hrs.

RE. SUPPLY OF DEFECTIVE BREAD IN DELHI

श्री अम्बेडकर (फिरोजाबाद) : मैं लोक महत्व का एक प्रश्न आपके सामने उपस्थित करना

चाहता हूँ। ब्रिटेनिया की डबल रोटी मैंने खरीदी। उसके अन्दर आप देखें कि यह कपड़ा निकला है। यह बड़ी संगीन बात है। खाद्य मंत्रालय या स्वास्थ्य मंत्रालय का ध्यान इस ओर जाना चाहिए। इस में कपड़ा है और कुछ भी नहीं है... (इम्पदरपवाँज)...

श्री शशि भूषण (दक्षिण दिल्ली) : कम्पनी की बनी ब्रिटेनिया डबल रोटी जो इनको सप्लाई की गई है, उस में गन्दा कपड़ा निकला है।

MR. SPEAKER : May I make a request to all hon. Members ? These matters normally concern the local government or the NDMC or the Metropolitan Council, and should be raised there. But this is a national Parliament in which only the question of that bread which goes into the stomachs of MPs can be raised. But I may tell the hon. Member that I was also myself surprised over it. But this is not the proper forum for raising this matter. I would advise the hon. Member to send it to the hon. Minister so that he may see it and take some action on it.

SHRI ATAL BIHARI VAJPAYEE (Gwalior) : Do you approve of such displays in the House ? May I know whether you approve or disapprove of such displays in the House ?

MR. SPEAKER : I have already said that this is not the proper forum for that display. He may send it to the hon. Minister...

SHRI ATAL BIHARI VAJPAYEE : Tomorrow, I might bring *rasagullas*...

SHRI S. M. BANERJEE (Kanpur) : *Rasagullas* are not available because there is no milk available and there is a ban on milk products till the 15th of this month.

श्री अटल बिहारी वाजपेयी : दिल्ली में कानून से रसगुल्ला बनाना मना है। लेकिन रसगुल्ले बन रहे हैं और धोरी से बिक रहे हैं। आप इजाजत दें तो मैं ला कर दिखा दूँ।

SHRI S. M. BANERJEE : Let him lay it on the Table and circulate it.