

12.32 hrs.

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

**Reported resignation of Shri Mohan  
Kumaramangalam from the Board  
of Bennet Coleman & Co.**

**SHRI UMANATH (Pudukkottai) :** I call the attention of the Minister of Industrial Development, Internal Trade and Company Affairs to the following matter of urgent public importance and request that he may make a statement thereon :

“Reported resignation of the Government nominated Director on the Board of the Bennet Coleman and Co. Shri Mohan Kumaramangalam ”

**THE MINISTER OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE AND COMPANY AFFAIRS (SHRI F. A. AHMED) :** The Bombay High Court while disposing of the petition filed by the Government under Section 398 of the Companies Act, 1956 in the matter of M/S Bennet Coleman and Co. Ltd. in its judgment and order dated the 28th August, 1969 reconstituted the Board of Directors of this Company. The reconstituted Board which is to function for a period of seven years from the date of the court order comprises eleven members, five being nominated by the Court, three of the Government and three of the shareholders. By the said order, Shri K. T. Desai, one of the Court nominated Directors, was also appointed as chairman of the Board of Directors. The order has further provided that the vacancies arising, if any in the three Groups shall be filled up by the Court, by the Government and by the shareholders, as the case may be.

2. Shri Mohan Kumaramangalam was one of the three Government nominated Directors under this order.

**SHRI RANGA (Srikakulam) :** He should never have been appointed. He has resigned from the Board of Directors and reasons for his resignation are given by him in his letters dated 13th February, 1970 and 23rd February, 1970 addressed to me, enclosing a copy of his letter addressed to Shri K. T. Desai, Chairman of the Board

of Directors. Copies of his aforesaid letters are also placed on the Table of the House. [Placed in Library. See No. LT-3642/7.]

3. The resignation has been accepted by the Government. Earlier, Dr. E. K. Hazari, another Government nominated Director on the Board of Directors of this company, on his appointment as Deputy Governor of the Reserve Bank of India, had submitted his resignation. These two vacancies have been filled up by appointing the following two persons :

1. Shri M. V. Paranjape, Advocate, Bombay.
2. Shri Rajni M. Patel, Advocate Bombay.

**SHRI PILOO MODY (Godhra) :** Why don't you appoint a couple of Naxalites on the Board ?

**SHRI NAMBIAR (Tiruchirappalli) :** Why not you appoint Shri Piloo Mody on the Board ?

**SHRI UMANATH :** I want to bring facts and truth to the notice of the House with regard to the conduct of the Jains in this affair as well as the conduct of the Minister himself. The hon. Minister being a master evader in replying to questions, I would seek your protection, Sir, that he makes note of the points I make and gives reply to them.

Mr. Mohan Kumaramangalam's resignation has brought out in sharp relief the following facts, namely, (i) that Bennet Coleman and Company has completely passed over into the hands of the Jains ; and (ii) that in this passing over the Government themselves have colluded.

Last Session, you will remember, Sir, this very question came up and there was apprehension in various sections of the House, that Government had decided to hand over the company to the Jains by accepting Mr. Ashok Jain as Chairman of the Board. As soon as this news leaked out, there was a furore in this House objecting to that. After that, though the Government stoutly denied that decision of the Government, late now, by various manoeuvres and dubious methods they have made it an accomplished fact that this company had been handed over to the Jains.

So far as the court is concerned I have no grievance. Bombay Court orders are very clear. The court's intention is very clear. The court said that "3 Directors shall be appointed by the Central Government. I am further of the view that 3 to 5 more directors should be appointed by the court. This will give a preponderating and effective majority to the directors appointed by the court and the Government over the shareholders' directors." And the Court has mentioned that Jain family can never be believed, can never be trusted. So, the court's intention, while making this arrangement: was clear,—that is—in order to prevent the Jains from having any control directly or indirectly and to keep the Jain's representative perpetually in a minority till the court takes a final decision on the question of charges of defalcation.

Now, what has happened is, actually, the court's intention has been totally defeated. Mr. K. T. Desai was nominated by the Court. The hon. Minister referred to Mr. K. T. Desai. He was appointed as Chairman of the Board.

I again say, I have no grievance with the court because the court was not in the knowledge of things. But, Sir, it is revealed that this Mr. K. T. Desai was the adviser to the Jains on the matter of covering up these defalcations from coming to the notice of the Government. Because, when Mr. Chopra was appointed by the Government as Inspector to go into this and investigate the defalcation charges, Mr. Jain consulted this Mr. K. T. Desai as to how to send a reply to Mr. Chopra to cover up this defalcation.

And now, you find this very same Mr. K. T. Desai—who was once adviser to Mr. Jain—is the Chairman of the Board. Sir, I don't blame the court because it was not within the knowledge of the court that this person was his adviser. But Government was certainly aware of the fact that this Mr. K. T. Desai was adviser so far as Mr. Jain is concerned I want to know this: Why did the Government not bring it to the notice of the court? Why did they not point out—when the name was proposed—that this Mr. K. T. Desai was adviser to the Jains? Why did the Government not bring it up to the notice of the Court,—so that, the Court could give a proper decision in the matter?

Sir, another 3 directors, nominated by the Court have now been completely won over by the Jains.

The net result is this. When the court appointed 5 Directors, and 3 from the Government side, there were 8 on the one side and the 3 of the Jains were in a minority. Now, after Mr. K. T. Desai has come in,—he being a man of the Jains—plus 3 more Directors from the court list having been won over, now the present position is, 7 on the side of the Jains and the rest minority on the other side.

By this majority, Sir, the Jains have completely captured the executive of the company as well.

I understand this—and I want to verify this from the hon. Minister whether it is true or not—that after keeping the majority in their hands they have appointed one Mr. Dehejia as General Manager in preference to Mr. Mankekar... (*Interruption*). He died later. After appointment he died. They appointed this person in preference to Mr. Mankekar who was already acting as General Manager who had been a journalist himself. In preference to a journalist. Mr. Dehejia was appointed.

Now, Sir, with this majority they appointed one Mr. Tanreja as Deputy General Manager. How did Mr. Dehejia and Mr. Tanreja come in, Sir? Dehejia was a gift to Mr. K. T. Desai. Mr. Dehejia was the Chairman of the State Bank and Mr. K. T. Desai was the Deputy Chairman. Dehejia's appointment was a price for Mr. K. T. Desai, in return for which, Mr. K. T. Desai will support the appointment of Mr. Tanreja, because this Mr. Tanreja has been one of the personnel directors of the Jain Group of enterprises and he has been appointed as Deputy General Manager.

Now, after Shri Tanreja's appointment as Deputy General Manager, he has been put in charge of the business administration of the company. I am saying that this conduct is threatening the very proceedings of the court. Because the administration is in the custody of Shri Tanreja some of the documents relevant to the court proceedings are also within the custody of Shri Tanreja and there is very likelihood of their being removed already some of the incriminating documents must have been removed by him. For this purpose he has

[Shri Umanath]

been appointed. The conspiracy between Shri K. T. Desai and the Jains' group has been proved by this fact that for the appointment, they made out an advertisement only for a General Manager's post and not for anybody else. That was the decision.

After advertising for the General Manager's post, they asked Shri Dehejia to put in his application; they also asked Shri Tanreja to put in his application and Shri Mankekar, on his own, put in his application. For the General Manager's post, they have received the list. And they appointed the General Manager, the Additional General Manager and the Deputy General Manager which were not at all advertised. How did they do this?

The second point that I would like to know from the Government is this. You will find a strange thing in the Resolution of the Board of Directors. The Resolution of the Board was opposed by Shri Mohan Kumaramangalam and another director, Shri Trivedi, I think, a Government nominated director. There is a particular portion in the resolution which is also appearing in the Government's statement which says that the terms and conditions for Shri Dehejia will, principally, be those informally discussed with him.

It is very strange indeed. Here is a Board of Directors' meeting to know who should be appointed. And in that resolution, it is stated "the service conditions will be discussed only after the appointment; the appointment will be made only after the Board of Director's Resolution" But, the Resolution says 'the terms and conditions for Shri Dehejia will be principally those which are already informally discussed with Shri Dehejia which means even before the Board meeting was called, Shri Desai and Jains had discussions with Shri Dehejia and everything was finalised and this Board's meeting was just a rubber stamp to carry out their dictates. This is quoted in Shri Kumaramangalam's letter. The same Resolution says with regard to Shri Mankekar for appointing him as an Additional General Manager that 'the terms and conditions which may be agreed upon between Shri Mankekar on the one hand and Shri K. T. Desai and Jains on the other.' In contrast to this, the terms and

conditions for Shri Mankekar will be discussed later; but for Shri Dehejia, the terms have already been informally discussed. So the conspiracy is clearly proved. The net result to day is that the court's decision to see that Jains do not have any control and keep them in a minority has been completely rendered infructuous. The net result is that the Chairman is controlled by Jains; the board is controlled by Jains and the executive is also controlled by Jains.

AN HON. MEMBER: And Government also is controlled by Jains.

SHRI UMANATH: Yes, Government is also controlled by Jains.

SHRI PILOO MODY: Purchased by them.

SHRI UMANATH: Thus, the court's decision has been defeated. The documents may be removed now and the court proceedings may be affected. I want to know at least, after the resignation of Shri Mohan Kumaramangalam, from the Government that knowing all these developments within the director's board and this changeover and control that are going to be passed into the hands of Jains, why did they keep quiet hitherto? Was it because the Government wanted *fait accompli* the control going in to the hands of Jains that they kept quiet?

The second thing I want to know from the Government is this whether the resolution passed in regard to the appointment which is affecting the court's proceedings in future also is subject to the approval of the Central Government. I want to know whether the Government have given approval to this resolution which is now questioned and which has led to the resignation of Shri Mohan Kumaramangalam. I find from the Resolution itself that this appointment is subject to the approval of the Central Government. I want the Central Government to say whether the approval has been given by him on behalf of the Central Government.

If he has not given the approval, let him say that. If he has given knowing that the resolution was meant to see that Jains

control completely over the executive, why did he do that? Finally, my question is whether the government is prepared, having first tried for Shri Kunte which was not possible—now this Government has given the control in favour of Jains—to take over the Bennet Coleman and Co. and hand over the management to the journalists themselves.

I do not want the Government to run it. Are they prepared to hand this over to the journalists to run it? Or alternatively will they approach the Bombay High Court and tell the court that the purpose has failed because of the Jains being inside the Board and they might not remove Shri Desai from the chairmanship and they might not also remove the other directors as ordered by the court. Did they bring this to the notice of the court that these developments are there?

Lastly, I want to know whether weightage will be given to the journalists for more representation inside there. Failing that will Government agree to the appointment of a parliamentary committee to investigate into the entire affair as to how this changeover took place within that board, which led to the control by the Jains?

SHRI F. A. AHMED: The hon. Member has given the whole history of the case. I would like to point out that the board has been constituted by the order of the court and Government have no hand in this matter. While constituting the board, the court nominated five members in its individual discretion and suggested that Government should give three members and the shareholders should give three members. At the time of appointing the five members of the board or the chairman, Mr. Desai, the court did not consult Government as to whether these persons could be appointed...

SHRI PILOO MODY: The court should not consult Government.

SHRI F. A. AHMED: I am stating the fact, namely that the court did not consult Government. Therefore, the question of giving advice whether a particular person was had or good and so on did not arise. But in fairness to Mr. Desai, I may also point out that the information in the hands of the hon. Member is not correct.

SHRI UMANATH: How?

SHRI F. A. AHMED: Because he was giving opinion in civil matters, and while doing so, he gave opinion in favour of the employees and against the employers and Shri S. P. Jain I do not know how he could be considered as Mr. S. P. Jain's man...

SHRI UMANATH: On one occasion they take money from one side and on another occasion they take money from the other side.

SHRI PILOO MODY: That is the lawyers' job.

SHRI F. A. AHMED: I am trying to correct the impression of the hon. Member.

So far as his analysis that the board has been won over by Shri S. P. Jain is concerned, I have no such information at all because...

SHRI S. KANDAPPAN (Mettur): Will they inform him about it?

SHRI F. A. AHMED: I have no hand in that matter. It is an internal affair of the board itself, and the board has been constituted for a period of seven years, and I have no authority by which I can set aside the order of the court and set aside the board which has been constituted by the court itself.

So far as the other matters are concerned, it is true that Mr. Kumaramangalam, apart from the fact that he was very busy in Delhi and it was not possible for him to go to Bombay very often and attend to this work, had given other reasons also for his resignation, namely that the appointment of the general manager was against the wishes of the two nominees of the Government on the board; he has given reasons also why he considered that the appointment of Mr. Dehejia was not in the interests of the board. So far as I am concerned, and so far as the Company Law Board is concerned, no permission is necessary for the appointment of a general manager, unless and until either the entire management or a substantial portion of the management is in the hands of the general manager, in which case application has to be made and approval of the Company Law Board obtained...

**SHRI UMANATH :** The resolution is that substantial power would be entrusted to the general manager. That is why they have put it subject to the approval of Government. What will Government do now ?

**SHRI F. A. AHMED :** No application has yet been made before the Company Law Board, and if any application is made that a substantial portion of the management is in his hands, then the Company Law Board will take a proper decision in this matter. But I may inform the hon. Member that no such application has been filed before the Company Law Board to decide one way or the other. It is also not correct that our members on the board or Government have done anything whatsoever in order to allow the control of this board by Shri S. P. Jain. It is also not correct on the part of hon. Member to say that at any time Government had agreed to appoint Shri A. K. Jain as the chairman. That has been contradicted by me on the earlier occasion also.

**SHRI C. K. CHAKRAPANI (Ponnani) :** Something is rotten in this Ministry and since its creation it has always helped and supported monopolists and vested interests. Here the point is that the Jains have captured the entire company and so the entire Press controlled by the Jains had become instruments of reactionaries. Recently there was an article in the *Illustrated Weekly of India* and the heading was : Sheep's clothing for front organisation of Indian communism. (Interruptions)

**MR. SPEAKER :** You have said enough already. Ask your question.

**AN HON. MEMBER :** It is a very good article.

**SHRI HEM BARUA (Mangaldai) :** I have read that article.

**SHRI C. K. CHAKRAPANI :** In that article the name of Mohan Kumaramangalam was mentioned. (Interruptions)

**MR. SPEAKER :** If he writes a book it is not necessary you should quote from that book.

**SHRI NAMBIAR :** It is Bennett Coleman's paper which is controlling a lot

of things in India and it is doing propaganda against the Communist Party.

**SHRI C. K. CHAKRAPANI :** There is no article about the abolition of the privy purses and the entire Press has supported big business groups in India. You see here Gujral's name being mentioned. (Interruptions.)

**AN HON. MEMBER :** More names should be mentioned.

**SHRI C. K. CHAKRAPANI :** This is the type of propaganda done by this paper. May I know whether the Government have ever opened their eyes and enquired as to what has gone wrong in this institution and if so would the Government take proper action to rectify the position ?

**SHRI F. A. AHMED :** As the hon. Member is aware, because certain things were happening with this concern, the Government had filed a petition. That was pending before the Court. On the basis of it this board had now been constituted by the court.

**SHRI NAMBIAR :** That is not the answer to what the hon. Member asked. (Interruptions.)

**SHRI VISWANATHA MENON (Ernakulam) :** I have got the letter written by Mr Mohan Kumaramangalam on 22 February, 1970 in which he says clearly : "I feel that these appointments have been made not from the point of view of the best interests of the company but as a sort of a *via media* to accommodate the views and desires of different persons on the board." It shows clearly that there is collusion with the Jain company and these appointments have been made with that intention. When the report of the Sarkar Committee came up for discussion here and when Mr. Sarkar resigned, this Government was not ready to accept his resignation. They were trying to ask him to withdraw the resignation, but when Mr. Mohan Kumaramangalam's resignation came, they readily accepted it and they have appointed other persons and they are colluding. My allegation is that the hon. Minister is colluding with Jain so as to give the company to the Jains.

Another point is, Mr. F. A. Ahmed has given an assurance to Comrade Ramamurti,

M.P., that he would appoint a representative of the employees' organisation as a Government nominee on the Board. But he has not done that, and I want to know the reasons for not doing it. Was it to oblige Jain that you avoided appointing a workers' representative on the Board?

Another point is this: I want to get an answer to this. Is the Government aware of the fact that this control of Jain is affecting the employees' journalistic freedom seriously? The Delhi-based reporting staff of *Nava Bharat Times* have been specifically instructed not to report anything against the Jan Sangh administration. (*Interruption*) I am coming to that. When, 15 days back, a reporter wrote against the Jan Sangh administration that water supply broke down, he was pulled up and directed not to write against the Jan Sangh administration by Mr. A. K. Jain. To please the Jan Sangh, a senior employee doing the scrutiniser work in *Nava Bharat Times* was demoted to make way for a junior proof reader, (*Interruption*) because that junior proof reader was the Chairman of the Delhi Water Supply Committee, and he is a Jan Sanghi. What action has been taken?

SHRI BAL RAJ MADHOK (South-Delhi): He is making false allegations. (*Interruption*)

SHRI VISWANATHA MENON: Please sit down, Mr. Madhok. I also know how to shout.

MR. SPEAKER: Please put your question.

SHRI VISWANATHA MENON: My particular question is, what action does he propose to take to protect the employees from Jain's interference and from the Jan Sangh influence.

SHRI F. A. AHMED: I have already said, and have also laid on the Table of the House the letters which have sent by Mr. Kumaramangalam to the Chairman of the Board. From that, it is very clear that he had submitted his resignation for two reasons: one is that because he had no time to attend to the work by going to Bombay. The second reason was that he was not satisfied with the way in which the General Manager and other appointments were made in the Board. I have already said so. It is wrong for the hon. Member to say that while in one case I have not accepted the

resignation, in the other case I readily accepted, the resignation submitted by Mr. Kumaramangalam. In fact, he had to write to me twice before I accepted his resignation, and when he was not willing to work on the Board, there was no option left for me but to accept the resignation. I do not know why objection can be taken on that ground. (*Interruption*)

SHRI UMANATH: Shri Mohan Kumaramangalam made charge against the Board. Will you enquire into the truth or otherwise of it?

SHRI F. A. AHMED: As I have pointed out, it is the entire functioning of the Board. (*Interruption*) We have to work within the law, within the rules. The only case in which the matter can be referred to us is when the substantial management of the Board is within the hands of the General Manager and an application is made to us, the Company Law Board will consider and examine the whole matter. Therefore, I submit that we had no other option but to accept the resignation submitted by Mr. Kumaramangalam.

So far as the other matters are concerned, they are not relevant to the issue.

13.00 hrs.

MR. SPEAKER: Papers to be laid on the Table.

श्री मधु लिमये (मुंबेर): अध्यक्ष महोदय, मेरा प्वाइन्ट ऑफ ऑर्डर है। कार्लिंग अटेशन पर जो जवाब दिया गया है उसी पर मेरा प्वाइन्ट ऑफ ऑर्डर है। आपको याद होगा कि पिछले साल हमने पार्लियामेंट के सत्र में सवाल उठाया था जोकि इसी से सम्बन्धित है और उस समय श्री रघुनाथ रेड्डी ने भाषावासन दिया था कि जब इस बोर्ड की पुनर्रचना की जायेगी तो टाइम्स ऑफ इंडिया में जो मजदूर काम करते हैं, वकिंग जनैलिस्ट्स काम करते हैं... (अवधान)... उन्होंने प्रश्नोत्तर दिया था कि उनके प्रतिनिधि बोर्ड ऑफ डायरेक्टर्स पर लिए जायेंगे। अब दो बकौन्सीज हो गई तो क्या बजह है कि आपने उनका एक भी प्रतिनिधि नहीं लिया? मन्त्री महोदय को इसका उत्तर देना चाहिए क्योंकि पिछले वर्ष उन्होंने स्पष्ट भाषावासन दिया था।

MR. SPEAKER : Everything is converted into a point of order. There is no point of order. But the minister may reply to it.

SHRI F. A. AHMED : If the Government had the entire authority to constitute the Board, only in those circumstances .

SHRI UMANATH : In the quota of your nomination, why not have representatives of employees ?

SHRI F. A. AHMED : That was in the mind of my hon. colleague. At the same time, he said that this matter will be considered.

श्री मधु लिमये : कब एक साल होगा ?

SHRI F. A. AHMED : How does the hon. member know that it was not considered ?

श्री मधु लिमये : एक भी प्रतिनिधि नहीं ले रहे हैं। पे कमीजन पर भी नहीं ले रहे हैं। वॉनट कोलमैन कम्पनी में भी नहीं ले रहे हैं। कैसा समाजवाद ये ला रहे हैं ? मन्त्री जी खुलासा करें कि इनके समाजवाद में मजदूरों को हिस्सेदारी मिलेगी या नहीं ?... (ध्वजघान)...

श्री गुरचरन सिंह (फीरोजपुर) : अध्यक्ष महोदय, मेरा प्वाइन्ट ऑफ आर्डर बड़ा जायज है। आज आखिरी दिन है और उसके बाद हाउस एडजन होने वाला है...

MR. SPEAKER : Please sit down. He wrote to me that this being the last day, everything should be allowed in this House. He has not sent me any intimation or any motion, for my consideration. He must study the procedure also.

Now, papers to be laid.

13.02 hrs.

#### PAPERS LAID ON THE TABLE

##### Report of Indian Standards Institution for 1967-68

THE MINISTER OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE AND COMPANY AFFAIRS (SHRI F. A. AHMED) : I beg to lay on the Table a copy of the Annual Report (Hindi and English

versions) of the Indian Standards Institution for the year 1967-68. [Placed in Library. See No. LT—3612/70].

##### Report of Indian Institution of Technology, Madras for 1968-69

THE MINISTER OF STATE IN THE MINISTRY OF EDUCATION AND YOUTH SERVICES (SHRI BHAKT DARSHAN) : On behalf of Dr. V. K. R. V. Rao, I beg to lay on the Table a copy of the Annual Report of the Indian Institute of Technology, Madras, for the year 1968-69. [Placed in Library. See No. LT—3613/70].

##### Notifications under P. G. Institute of Medical Education and Research, Chandigarh, Act

THE MINISTER OF STATE IN THE MINISTRY OF HEALTH AND FAMILY PLANNING AND WORKS, HOUSING AND URBAN DEVELOPMENT (SHRI B. S. MURTHY) : On behalf of Shri K. K. Shah, I beg to lay on the Table a copy each of the following Notification under sub-section (3) of section 31 of the Post-Graduate Institute of Medical Education and Research, Chandigarh, Act, 1966 :—

- (1) The Post-Graduate Institute of Medical Education and Research, Chandigarh (Amendment) Rules, 1969, published in Notification No. S. O. 2480 in Gazette of India dated the 28th June, 1969. [Placed in Library. See No. LT—3614/70].
- (2) The Post-Graduate Institute of Medical Education and Research, Chandigarh (Amendment) Rules, 1970, published in Notification No. S. O. 1334 in Gazette of India dated the 11th April, 1970. [Placed in Library. See No. LT—3615/70]

##### Report of Rehabilitation Industries Corporation Ltd.

THE MINISTER OF STATE IN THE MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION (SHRI BHAGWAT JHA AZAD) : I beg to lay on the Table :

- (1) A copy each of the following papers (Hindi and English versions) under