

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI SUSHILA ROHATGI) : (a) Searches were conducted by the Income-tax Department in the premises of the following individuals and Commercial establishment during the years 1969-70 to 1971-72.

1969-70 : Shri V. P. Dhir and Produce Exchange, Gauhati.

1970-71 : M/s. Barik Brothers, its four partners and their mother, Panchali, Dibrugarh.

1971-72 : Nil

(b) Some account books and documents indicating concealment of income were seized in the searches in the years 1969-70 and 1970-71. A sum of Rs. 4,00,000 was also seized in 1970-71.

Request of Assam Government to Increase Central Assistance

1978. **SHRI ROBIN KAKOTI :** Will the Minister of FINANCE be pleased to state:

(a) whether the State Government of Assam have requested the Central Government to increase Central assistance in view of the tight financial position of the State; and

(b) if so, the reaction of Government thereto ?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI SUSHILA ROHATGI) : (a) and (b). The Government of Assam had approached the Government of India for increased special accommodation anticipating certain financial difficulties. This request was considered in consultation with the State Government and Planning Commission and it was found that the financial position in Assam was quite satisfactory and that on

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present indication the State Government would not require any additional Central assistance during the current year.

Plan for Centralised Laundry Services for all Hotel units in Delhi Region

1979. **SHRI B.S. BHAURA :** Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state:

(a) whether Government have appointed Shri Bhargava as Deputy Minister of Laundry Plant in Ashoka Hotel with a view to plan for a centralised laundry service for all the units in Delhi region ;

(b) whether India Tourism Development Corporation Management, without making any headway in regard the aforesaid proposal, has given contracts to M/s. Novex for drycleaning work of Akbar and Janpath Hotels; and

(c) if so, the reasons therefor?

THE MINISTER OF TOURISM AND CIVIL AVIATION (DR. KARAN SINGH) : (a) Shri Bhargava is primarily responsible for the Laundry Plant which caters to the needs of Ashoka Hotel only, although he is associated with the planning for a centralised Laundry service.

(b) and (c). Pending finalisation of the plan for a centralised laundry service, the Akbar and Janpath Hotels get their drycleaning work done from M/s. Novex whose rates have been found competitive.

12.03 Hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE. REPORTED FRAUD BY BELLAPUR SUGAR INDUSTRIES LTD.

SHRI PILOO MODY (Godhra) : I call the attention of the Minister of Company Affairs to the following

[Shri Pijoo Mody]

matter of urgent public importance and I request that he may make a statement thereon :

"The reported fraud committed by the Bellapur Sugar Industries Limited on the shareholders and the involvement of public financial institutions thereof."

THE MINISTER OF COMPANY AFFAIRS (SHRI RAGHUNATHA REDDY) : On 20th July, 1972 the Company Law Board received a letter dated 18th July, 1972 from Shri Madhu Mehta, General Secretary of the Swatantra Party, forwarding a copy of a letter dated 14th July, 1972 addressed by B. N. Dodhi of Bombay, a shareholder of Bellapur Sugar & Allied Industries Ltd. to the Life Insurance Corporation of India. This letter, while alleging lack of interest on the part of the Life Insurance Corporation in the affairs of the company mentioned *inter alia* :

- (a) Loans aggregating to Rs. 1,83,59,000 were advanced to companies of the Morarka Group and certain well-known sharebrokers of Bombay.
- (b) These loans related to suspicious transactions relating to speculation in shares by persons connected with the management.
- (c) A sum of Rs. 7,20,000 is shown to have been paid by seven bearer cheques in the year 1971 by way of agricultural development. This money has been utilised indirectly for financing the activities of a political party.
- (d) Certain subsidiary and sister companies of the company complained against have not published their audited accounts for the past several years and their financial position is reported to be bad.

The Company Law Board examined the complaint and decided on 24th July to order an inspection of the books of accounts

of the company, under section 209(4) of the Companies Act. Two officers of the Department of Company Affairs were deputed from Delhi to undertake the inspection. This inspection started on 26th July, 1972 and was concluded on 9th August, 1972. The report of inspection is under preparation and it would not be possible to anticipate the findings in the inspection report. The report, when received, would be examined urgently and suitable action taken. Any contraventions of the Companies Act will be dealt with in the manner provided under the Act.

SHRI PILOO MODY : Even after hearing the reply of the Minister I do not think that one can be entirely satisfied with the state of affairs. We all know that the Congress Party needs money to fight elections and have been favouring all manner of people who have been violating the laws of the land with impunity...

AN. HON. MEMBER : Not only for elections, but for defections also.

SHRI PILOO MODY : Money has been extracted from companies in return for favours granted. Criminal defaults had been condoned through conspiracy and collusion which in this case involves the public financial institutions of this country. Mr. G. D. Morarka who has been, incidentally, convicted in the past and jailed for corporate offences in connection with the Sholapur mills is the Chairman of Bellapur company and happens to be a very good friend of various senior ministers of the Government has paid money to cover up. God knows what—Money, prohibited by company law—to hide, conceal and defraud the shareholders which incidentally include the L.I.C., the Unit Trust of India, the Central Bank of India, the Bank of India and the Bank of Baroda and so many other public financial institutions and nationalised banks, all prize, show-pieces of the Government's

public sector. These public institutions convinced by abstaining from voting or speaking at the annual general meeting held by the Bellapur company at which the shareholders of the company had kicked up a great fuss and wanted a vote on whether the annual accounts should be passed or not. The public institutions own shares—35,000 by the LIC, 10,000 by the Bank of India, 25,000 by the Central Bank, 5,000 by the Bank of Baroda, another 17,000 by the Bank of India, another 12,000 by the Central Bank. All these public institutions refrained or abstained from voting and thereby worked against the interest of the small shareholders, against the interest of the public's money and permitted the annual General Meeting to pass the books of accounts and the balance sheet of Bellapur company in spite of the fact that two auditing companies had refused to audit their accounts, in spite of the fact that the Ministry of Company Law had written to the auditors about these irregularities and the auditors thereafter investigated them and replied and those auditors were dismissed by the company. In spite of all this the public sector financial institutions refused to do justice by the other small shareholders and the public at large. I should like to say that this is a tragedy of great proportion.

The Ballapur sugar factory for decades had been one of the finest companies that this country has ever had. It was considered a secure investment, better than any blue chip company in the country. Within three years Mr. Morarka has brought this company to this state. Government through its financial institutions has a certain responsibility because public funds are involved and the law gives them the right to speak and the right to vote. Yet, instead of protecting the small shareholder and the public the Government for one reason or another refrained from any activity durin^g

the annual general meeting. I believe that even among the public sector, some companies are considerably agitated. It is not that these banks and these companies do not know what is happening. They do know. They were informed. The Reserve Bank had informed the LIC to say that they must intervene. The Chairman of the LIC told the Governor of the Reserve Bank: sorry, my hands are tied; I have been told from Delhi not to do anything. Some irregularities were disclosed by the auditors; even they have been whitewashed.

A provision of Rs. 7.20 lakhs has been made by the company for agricultural development and the money has been paid against the stipulations of company law by bearer cheque in round figures Rs. 1,00,000 bearer cheque, Rs. 80,000, Rs. 120,000, Rs. 30,000. In this fashion money has been sent for agricultural development. On one occasion, on the 8th February 1972—kindly note the date—Rs. 2 lakhs were drawn from the Bank of India and a counter receipt was issued by some Kathod & Co. on the same day. On the same day, Rs. 1½ lakhs were flown from Bombay to Delhi by a special courier. I have the ticket number and the cash risk insurance premium receipt. I cannot understand why they need couriers to transfer these large sums of money. After all, they have a bank account here and they have an office of the company here and it can be very easily done by telephonic or telegraphic transfer. Yet, a special courier was flown with Rs. 1½ lakhs insured by the New India Insurance Company. I leave it to you and the House to guess what this money was being used for. It is also worth noting that although the withdrawal was Rs. 2 lakhs, the amount transferred to Delhi was only Rs. 1½ lakhs, because 25 per cent commission is charged for converting white money into black money.

[Shri Pitoo Mody]

If I were to recall some of the other things, large loans worth Rs. 1.83 crores have been outstanding for several years to the sister concerns of Mr. Morarka and the Bellapur group. Some of them have not held annual general meetings for the last two or three years. Yet, these monies have been advanced and no interest has been collected all these years and the loans remain outstanding on the books of the company. Certain stock brokers in Bombay have advanced loans worth Rs. 50 lakhs. I can only assume that it is to cover the speculative losses of Mr. Morarka. Otherwise, I cannot understand why certain stock broker firms in Bombay should have been advanced Rs. 50 lakhs. I do not think there is any chance of recovery as far as the loans made to the companies are concerned.

The company buys its sugar from the Maharashtra State Farming Corporation and has an outstanding at the moment of Rs. 96 lakhs in exchange for sugarcane that they have collected. So, in a sense the Maharashtra State Farming Corporation is a creditor of Bellapur Sugar Industries, but even to their creditors they have advanced loans of something like Rs. 48 lakhs. It completely beats me how this can possibly happen and how that loan is going to be deducted and thereafter adjusted in the books of accounts of the company. No wonder the auditors were constrained to say that this is an unconfirmed and unacknowledged debt to the tune of Rs. 57 lakhs. Understandably, the file in the Maharashtra State Farming Corporation connected with this particular issue is missing.

Coming to closer home, the manager of Ganesh Flour Mills, which is a sister concern of Morarka's, with a salary of less than Rs. 1,000, has been given a loan of Rs. 11.57 lakhs interest-free. Even

worse still, the Chief Cashier of Ganesh Flour Mills absconds with something like Rs. 5.97 lakhs and instead of being prosecuted, is rehired in Bellapur Sugar Industries. I leave it to your imagination to imagine as to who collected that Rs. 5.97 lakhs.

I have here photo copies of hotel bills for Mr. and Mrs. Morarka who are supposed to have stayed in a suite costing Rs. 450 a day for 6 days—the 6 day bill comes to Rs. 6,000 and odd—whereas they have a palatial mansion in Bombay itself. This bill is sent to Bellapur Sugar Industries. Eleven jeeps were bought by the company. I do not know what the jeeps are used for in sugar factories. Eleven jeeps were bought and somehow eight have not been returned. I do not know to whom they were lent, but I can assure the House that I did not receive a single one. Eight jeeps were not received back and the rest were sold to the PA of Shri Morarka and some others. There is an outstanding of Rs. 75,000 in the name of the PA of Shri Morarka. It is outstanding and I do not know who is going to pay, because I know this party is not going to pay. You have all these facts and figures before you and I assure you this is a highly researched project. I do not see where the Company Law Department comes into the picture. Because, I had addressed this Calling Attention Notice to the Finance Minister.

Finally, apart from the assurance given by the Minister in his statement, may I know whether the officers who went there came back and whether anybody knows what happened to them along the way or thereafter? Since a large company is involved and since I am making charge that the Ministers of the Government are involved, I would like to know what sort of judicial or other inquiry is he going to promise us to see that this collusion which I am in the process of exposing is not continued into the inquiry as well.

SHRI RAGHUNATHA REDDY : Most of the matters that have been mentioned by the hon. Member referred to questions of fact. As I have already submitted in my statement, the inspectors have gone there, inspected the company accounts and other matters and they are drafting the inspection report. As I have already submitted, the letter was received from the Secretary of the Swatantra Party on the 18th. On the 24th the decision was taken to send an inspection team and on the 26th the inspectors were sent. They completed their inspection on the 9th August. It will take some time for the inspection report to be got ready. I can assure Shri Piloo Mody and the House that as soon as the inspection report is got ready, whatever action is warranted under the law of the land, namely, the Companies Act, the Indian Penal Code or the Criminal Procedure Code, certainly deterrent action would be taken. I do not want to comment on the matters mentioned by Shri Piloo Mody because the inspection report is being drafted. So, I do not want to express any opinion. With regard to the reference of Shri Mody to the financial institutions, as he has himself accepted, that may be referred to the Finance Ministry for an answer.

SHRI P. K. DEO (Kalahandi) : Sir, this answer is most unsatisfactory. It is the height of irresponsibility on the part of the Minister to say that this question should be addressed to the Finance Minister. There is collective responsibility for the government.

SHRI PILOO MODY : I have a submission to make. As I have myself stated, I have addressed this to the Finance Minister because of the collusion of the financial institutions with big business which I wanted to expose. You in your wisdom, or the government in its wisdom or non-wisdom, has passed it on to the Company

Law Department. If there is a point there-¹ after which related to the Finance Ministry, it is the job of the Minister of Company Law to ascertain the fact from the Finance Ministry and arm himself to give a proper reply.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K.R. GANESH) : Sir, since the name of the Finance Minister has been mentioned with it, I must state, with your permission, that the hon. Member knows how these financial institutions work. . . .

SHRI JYOTIRMOY BOSU (Diamond Harbour) : Ha !

SHRI K. R. GANESH : There is no use saying, Ha ! Let us face facts. Let us have our political battle outside and face the facts here.

SHRI JYOTIRMOY BOSU : This is all a joke. . . . (*Interruptions*)

SHRI K. R. GANESH : Sir, what I am trying to say is that these financial institutions, the L.I.C., the Unit Trust of India and various other institutions, are statutory bodies. They have their own Boards of Directors. They decide on the basis of certain policies of investments. . . .

SHRI P. M. MEHTA (Bhavnagar) : On a point of order, Sir.

Can the other Minister intervene and make a statement on the Call Attention Notice?

MR. SPEAKER : He had asked him to do.

SHRI K. R. GANESH : I am clearing the name of the Finance Minister and the Finance Ministry.

What I was submitting was that it is on the basis of the investment policies of these financial institutions that their Boards of Directors and Managements decide. They have certain guide-lines on the basis of which

[Shri K. R. Ganesh]
they decide. The Reserve Bank of India gives them guide-lines. Whether a particular investment is correct or not is a question of investigation which the Government will do. Not only the Company Affairs Department but the Finance Ministry also will do. Since the name of the Finance Minister was mentioned, it was my duty to clarify it.

SHRI SHYAMNANDAN MISHRA,
(Begusarai) : On a point of order, Sir.

MR. SPEAKER : There is no point of order arising out of this.

SHRI SHYAMNANDAN MISHRA : This is a very important matter. A point of order does arise.

MR. SPEAKER : I propose that no point of order should be raised during the Call Attention Notice.

SHRI SHYAMNANDAN MISHRA : You kindly hear me and you will come to the conclusion that it is a very legitimate point of order.

The hon. Minister has been pleased to say that the functioning of these financial institutions is the responsibility of the financial institutions themselves. I would submit that their functioning has to be under scrutiny somewhere. The investment policy might be the responsibility of the financial institutions. But the functioning of the financial institutions has to undergo a scrutiny. The point that has been made is that these financial institutions purposely, deliberately, have abstained from attending a particular meeting. What has the Minister to say about this deliberate act of omission ?

MR. SPEAKER : How is it a point of order ? It is a submission, not a point of order.

SHRI SHYAMNANDAN MISHRA : The Minister says that investment policies

are the responsibility of these financial institutions. I say, the functioning of these financial institutions is the responsibility of the Finance Ministry. What have you to say about it ?

MR. SPEAKER : There is no point of order.

SHRI SHYAMNANDAN MISHRA : The Minister has not answered the point that has been raised. In the name of defending the Finance Minister, he has misled the House.

MR. SPEAKER : I am sorry, there is no point of order.

SHRI PILOO MODY : I have my question written down here and I am entitled to a specific reply.

MR. SPEAKER : Mr. Piloo Mody, your Call Attention Notice was addressed to the Ministry of Finance. I have seen the correspondence. The Lok Sabha Secretariat received a letter from the Joint Secretary saying that the subject matter of the Notice pertains to the Department of Company Affairs and not to the Ministry of Finance. Actually, we sent it to the Ministry of Finance and, later on, it was re-directed.

SHRI PILOO MODY : I have asked a specific question which I have written down : what are the standing or specific instructions given to the financial institutions regarding speaking and voting at Annual General Meetings ? Now for the Minister—one or the other, it makes no difference to me—to come and say that the members should know the functioning of the financial institutions is totally trying to bypass the issue. Do you have any standing orders and if so, what are they and were they followed ?

SHRI RAGHUNATHA REDDY : As far as this question is concerned, I would say that these financial institutions were brought into existence by certain Acts of Parliament. Within the ambit of that law, the financial institutions have to act. If there are standing orders, they will have to be within the framework of that law.

SHRI PILOO MODY : Is this the reply, Sir? I am prepared to give him time; he can study and then give me a reply. We all know that nothing can be done without the law in Parliament.

SHRI K. R. GANESH : My intention is only this. The hon. Member has put a specific question about the working of financial institutions, whether there are standing orders or not. All that I want to assure the House is that these financial institutions work under Statutes. There are also Reserve Bank's directions to them, and if you so desire, I shall place all those facts before the House. There should be nothing hidden about it.

SHRI JYOTIRMOY BOSU (Diamond Harbour) : We have, in the very recent past, seen how another company, Asian Cable Corporation, had made Rs. 50 lakhs by black-marketing on imported raw materials like aluminium, copper and polythene in 1969, having been protected and shielded for four years by them because he is a great man collecting money for some coterie to remain in power. We have got basketful of such cases. It is an established thing that the ruling party believes in adopting the policy of 'live-and-let live' with big businessmen; specially the sugar tycoons' exploiting the cane-growers and the consumers and the exchequer under protection of the gentleman sitting opposite is a glaring example. Mr. Mody's well-circulated paper, *March of Nation*, has done a service by the story. . . (Interruptions).

MR. SPEAKER : Order, order. The gentleman who almost held up the Minister yesterday for half an hour is a little perturbed because somebody is interrupting him.

SHRI JYOTIRMOY BOSU : Sir, I can stand up and keep the House under control. . . (Interruptions).

MR. SPEAKER : Don't do it in your turn. . . (Interruptions).

SHRI JYOTIRMOY BOSU : I thought, Dr. Kailas looked to me as a mature man.

DR. KAILAS (Bombay South) : You are a novice. . . (Interruptions)

SHRI JYOTIRMOY BOSU : Don't worry. Don't take him seriously.

The question is: it is a circulated paper. The Government should have taken note of it, should have taken cognisance of this and inquired into it. Why should they wait for so many things? Just to shield somebody? It says: 'collusion pertaining to large-scale defalcation and misuse of funds for the personal gains of certain top-level politicians in the Government and the political party.' Which political party—it will not be difficult for anybody here to understand.

Now, Sir, my specific question is: this Mr. G. D. Morarka is a convict. You understand the word 'convict'—a man who has undergone imprisonment on criminal charges. That is what Mr. Piloo Mody says. This gentleman is the Chairman of these concerns and he has been financed to what extent by the financial institutions? I have got the list. I will read.

Bank of India—9375 shares.

Central Bank of India—25014 shares—
all Rs. 100 shares.

The share market prices rule considerably.

Bank of Baroda—4911 shares.

Bank of India—13441 shares—special
love for Bank of India.

[SHRI JYOTIRMOY BOSU]

Central Bank of India—10795 shares.

W H Brady & Co—43959 shares.

Life Insurance Corporation—the great nationalised institution—35881 shares
Oriental Bank of Commerce.

Bank of India—cash credit—Rs. 1 crore.

I want to ask Mr. Ganesh here and now and Mr. Raghunatha Reddy—I hope hon. Speaker will allow me to do so—don't you nominate Directors to the Board of Directors to safeguard the interests of the Government or do they go there to safeguard the interests of a particular coterie who want to grow roots in power? Do they go there to safeguard the interests of the people of the country? Why should they wait for instructions from you? Their job should be *suo motu* to act on behalf of those who have nominated them, that is, the people of India, functioning through this Government—unfortunately.

I want to know whether it is also a fact, Mr. Ganesh, Sir, hon. Minister, Sir, whether they have income tax arrears to the tune of Rs. 8 lakhs and the income tax arrears of a subsidiary, Chanddeo Sugar Mills is Rs. 1 crore and W. H. Brady & Co. has about Rs. 35 lakhs as deposits with the Bellapur Sugar Mills. Are these facts?

A very revealing thing. A person in the highest position in the Reserve Bank of India, a brasshat—a metal token of the Railways entitling him to go anywhere and to do all financial jugglery—went to see the Chairman of the LIC. I won't name him—Mr. Puri—he went to him and urged him to take action at the Annual General Meeting because the LIC is one of the biggest shareholders. Now, the LIC Chairman—I feel sorry for him, maybe a good man, there are lot of good men passing through very strenuous days because the masters are very

difficult—informed him that his hands were tied because he got specific instructions from Delhi to keep mum. . . (Interruptions)

SHRI SAT PAL KAPUR (Patiala) : All imagination.

SHRI JYOTIRMOY BOSU : I am told that this G. D. Morarka, the exconvict or convict is a great friend or the treasurer of a particular political party. I want to ask also, as Shri Piloo Mody had very rightly pointed out, where did the money that was flown go? Where did it go, somewhere on Akbar Road or Safdarjang Road?

SHRI P. K. DEO : Race Course Road.

SHRI JYOTIRMOY BOSU : Out of this statement that Shri K. R. Ganesh has given here,—Shri Raghunath Reddy is also sitting here—we find that the inspection started on 26th July, 1972 and was concluded on the 9th August, 1972 and the report of the inspection is under preparation. He is trying to paint a lily? He is trying to cook chicken curry? What is he trying to cook?

I want to ask this question specifically. Is it a fact that facts already revealed are being arranged in proper order? What are the facts in the main that have been unearthed? We want to know them here and now. How much of the allegations are incorrect,—I would not say 'correct'—how much of the allegations have been found to be incorrect or partly correct? I want to know this specifically because I want to co-operate with the Chair and the Treasury Benches and I hope that they will also co-operate and reply to this.

SHRI RAGHUNATHA REDDY : I strongly deny the allegations. . .

SHRI JYOTIRMOY BOSU : I forgot to mention one thing. I had talked about Akbar Road and Safdarjang Road. I forgot to mention the numbers of the houses; they are Nos. 12 and 1 respectively.

MR. SPEAKER : Let not the hon. Member go that extent.

SHRI JYOTIRMOY BOSU : On Second thoughts, I thought that I should make it clear.

SHRI PILOO MODY : He did not give telephone numbers.

MR. SPEAKER : Shri Jyotirmoy Bosu is a very uncontrollable gentleman.

SHRI RAGHUNATHA REDDY : The insinuations made by the hon. Member are uncalled for. They do not arise out of the subject of the calling-attention-notice. It is very unfortunate that such allegations are being indulged in, and it is deplorable that such insinuations should have been made, and it is very sad. . .

SHRI JYOTIRMOY BOSU : Is he answering my question ? . .

MR. SPEAKER : Now, will the hon. Member keep sitting?

SHRI RAGHUNATHA REDDY : With respect to the allegations made against the working of the financial institutions, my hon. colleague has already assured the House that the entire matter will be gone into thoroughly and whatever course of action is necessary, if there are any mistakes committed, will be taken.

I am at last glad today that Shri Piloo Mody and his friends are turning now to analyse the virtuosity of the private sector and going into their virtues in full detail. I hope that it is a welcome sign.

SHRI PILOO MODY : I think the hon. Minister is completely gaga. I have been attacking the public sector. He says that I have been talking about the private sector. He has not obviously understood what I had said. Shall I repeat myself?

MR. SPEAKER : No, he is much too loud not to be heard.

SHRI RAGHUNATHA REDDY : I hope that it is not a matter of self-intros-

pection when he says 'gaga', because the Bellapur Sugar Mills and Allied Industries belonging to the private sector, and as regards the fraud being committed by the private sector, the facts mentioned by the hon. Member show how the private sector is working.

SHRI PILOO MODY : With the collusion of the Government and the public sector.

SHRI RAGHUNATHA REDDY : For a change, it is good that Shri Piloo Mody is turning to the virtues of the private sector for the time being.

SHRI PILOO MODY : Virtue knows no religion, caste, creed, public sector or private sector. Virtue is where it resides virtue is not where it has been banished.

SHRI RAGHUNATHA REDDY : The virtues of the private sector have a special affinity for the Swatantra Party. Everybody knows it.

Another question raised by Shri Jyotirmoy Bosu is about the drafting of the report. It is very unfortunate that he has again made certain insinuations. The officers who inspect these records—I am sure Shri Jyotirmoy Bosu must have some experience over this matter—take down elaborate notes; then only, a report can be made. No commission of inquiry also can make a report immediately within a day or two; notes will have to be taken. It is only after collecting all the facts that the report can be prepared. It is a very simple matter. Therefore, I am sure that Shri Jyotirmoy Bosu should not have put that question.

SHRI JYOTIRMOY BOSU : He has not replied to my question. Do the Government directors not act *suo motu* at the annual general meetings to safeguard the interests of Government? They send nominees on the boards of directors. I want to know what the directors were doing.

SHRI PILOO MODY : Why does he not fire them for not having participated?

SHRI RAGHUNATHA REDDY : I cannot express any opinion now. The inspection report is being prepared. If the facts disclose that the financial institutions have not acted well in public interests, certainly I have no doubt in my mind that the Finance Ministry would take necessary action in this regard.

With respect to other matters, Shri Piloo Mody and others, and I would respectfully submit this to you also, Sir, need have no doubt about the action that will be taken. All action that is warranted by law would certainly be taken without fear or favour.

SHRI JYOTIRMOY BOSU : Why is he becoming hypothetical? If something is found, action will be taken; if something comes out, such and such thing will be done. Why does he say like this? We are here functioning under your command. He comes here to hide somebody. We know the story of the Asian Cables—4 years, 50 lakhs of rupees of black money and materials imported from foreign exchange.

SHRI P. K. DEO : I have gone through the statement of the Minister. There he mentions about a letter from Shri Madhu Mehta alleging lack of interest on the part of the Administration. It is an understatement of the serious situation. It is a sordid state of affairs, as pointed out by my colleague, Shri Piloo Mody. It is a collusion between the company law administration, between corrupt officials, the corrupt Ministry, and corrupt businessmen. In this regard, I would like to point out that the Finance Ministry cannot abdicate its responsibility and say that these financial institutions are autonomous bodies. I would

like to know categorically why their representative remained mum in the general meeting when there was a big hullabaloo for voting.

Secondly, I would like to charge the company law administration with dereliction of duty. Why did they not remain vigilant all these years? This could not have happened in a single day. It is a continuing process. So, as usual, the Ministry also has thrown their mantle of protection to cover these corrupt people.

So I am fully convinced that nothing is going to come out of this investigation. No time-limit has been set. Those who are co-accused have been asked to probe into the matter. So we will not be satisfied unless a Commission of Inquiry under the Commissions of Inquiry Act presided over by a Supreme Court Judge is appointed, to probe the entire state of affairs and unveil the truth. I would like to know what is the reaction of Government to this suggestion because we can never get justice from the company law administration officials' report.

SHRI RAGHUNATHA REDDY : As I have already submitted, the letter was received by us on 20th July 1972. Immediately action has been taken. Decision was taken on the 24th July to order an inspection. Officers were deputed from here and the inspection started on 26th July. Inspection was concluded on 9th August and now they are preparing their report. I do not know with what greater speed the Department of Company Law could have acted in this matter.

SHRI P. K. DEO : They are parties themselves to it.

SHRI RAGHUNATHA REDDY : The hon. member has suggested the appointment of a Commission of Inquiry to probe into the affairs of the entire group of

Morarka Industries. If the facts of the case warrant, this is also one of the questions that would be considered.

In respect of other matters, I may only humbly submit that the world of big business is a dense jungle in which the beasts of prey have a great deal of camouflage which ordinary men may not be able to detect (*Interruptions*).

MR. SPEAKER : I have said several times in the House that no such remarks should be made and names should not be mentioned. He should not disturb the House in this way (*Interruptions*).

श्री हुकम चन्द कछवाय (मुरैना) : हर वक्त इन्दिरा जी के खिलाफ क्यों बोलते हो? उन के पक्ष में बोला करो।

अध्यक्ष महोदय : आप क्यों बोलते हैं बार बार।

श्री एस० एम० बनर्जी (कानपुर) : इन्दिरा जी के खिलाफ बोलते बोलते ही आप कौ तादाद इतनी कम हो गई है।

SHRI H. M. PATEL (Dhandhuka) : Sir, most of the points regarding this particular matter of Bellapur Co. and its wrong doings were set out by Mr. Piloo Mody. The hon. Minister of Company Affairs has merely said that he first became aware of this when he received a letter on the 18th July, and thereafter he has acted speedily and he has promised us a further report after he has studied the report of the auditors from the Centre. That is satisfactory as far as it goes.

The main point that I would like to ask is this. The question as posed by Mr. Piloo Mody—the Call Attention Notice—was addressed to the Finance Ministry. The facts concern both the Finance Ministry and the Company Law Department. Is it per-

a whole—it is not compartmentalised—just to pass off its responsibility by saying that it is the Minister of Company Affairs who should reply to the Call Attention Notice? The issues here are concerned with financial institutions, which really are the major things in this matter. They are the responsibility of the Finance Minister. That was the reply of the hon. Minister of Company Affairs.

So, in any issue like this, it is very important that the Government must function as Government and see that all the issues involved are collected and a reply is given. Let us see how very important it is here. I have a letter addressed by the Life Insurance Corporation to the Bellapur Co., in which the Life Insurance Corporation points out that the company has borrowed moneys to the extent of Rs. 98 lakhs as secured loans on the company, and but a crore of rupees as unsecured loans to other companies, its subsidiaries. How did this become possible? On what ground was it allowed? On an issue such as this, the facts would have come out, had the Finance Ministry accepted the responsibility for answering this Call Attention Notice. Why did it not do so? As it did not do so, I put these questions: is it not the responsibility of this Government to function in a collective way? Is the responsibility collective, or is it not?

It is true the Finance Minister now says "I shall find out." What will he find out? Will he find this out, namely, in financial institutions, when they advance money, crores of rupees to a company, what steps do banks take to find out what the borrower proposes to do with the money, whether the borrower company was giving out the money as unsecured loans, without even charging interest?

AN HON. MEMBER : A subsidiary company.

SHRI H. M. PATEL : Its own subsidiary company. Maybe to anybody; but it is unsecured loan. It is also clear from this account that large sums have been advanced to sharebrokers. What can be the purpose of advancing loans to sharebrokers? Does the Bellapur Sugar Co., exist for that purpose? Is it its function to advance moneys to sharebrokers? If it is not, who is there to see that this sort of thing does not happen? The LIC was aware of this, and therefore it is that they wrote a letter to the Bellapur Co., on the 4th June, quite some time back. And what did they do thereafter? What did the LIC do thereafter?

The Finance Minister said that these institutions are run under Boards of Directors; they are autonomous, and so forth. What was the need for giving us that information in this House? This House is fully aware that these are autonomous institutions and are given considerable discretion—

SHRI K. R. GANESH : I am glad you are aware of that (*Interruptions*).

SHRI H. M. PATEL : I am aware and that is why I am stating it. You appointed the Board. Having appointed the Board, you thought that it was no longer the responsibility of the Government to answer this question.

SHRI K. R. GANESH : No.

SHRI H. M. PATEL : Then there was no necessity for pointing this out here at this juncture. Will the hon. Minister of Company Law Affairs place before this House the report that had been brought back by those whom he sent out to investigate? When will the Finance Ministry give us answers to the questions posed by Shri Pilo Mody? Finally, will the Government make a statement as to whether it functions collectively or not and will the Ministry which accepts the responsibility for call attention notice, call for information

from other concerned Ministries, if necessary, and give a complete answer on the floor of this House? This seems to me a very important point.

SHRI RAGHUNATHA REDDY : As soon as facts are ascertained, whatever action is called for will be taken. Reports under section 209 of the Companies Act are not placed on the Table of the House nor are they supplied to Members of Parliament. I do not want to leave the impression that it is going to be placed on the Table of the House. But whatever action is taken on the report, that would be reported to the House.

SHRI H. M. PATEL : I asked for a statement based on the report.

SHRI RAGHUNATHA REDDY : Certainly, after the report is received whatever action is taken, I shall report to the House on that.

SHRI H. M. PATEL : I put two other questions.

SHRI RAGHUNATHA REDDY : With respect to other financial institutions mentioned by the hon. Member I had already said : let the facts be ascertained first. After the facts are available, the matter will be taken up by the Finance Ministry in respect of the officers or institutions concerned. What action could be taken could be considered by the Finance Ministry at that time.

SHRI H. M. PATEL : I asked whether the Government will function collectively in such matters. . .

MR. SPEAKER : It is an accepted fact; why ask a question about it? Now, papers to be laid.

SHRI S. M. BANERJEE : The papers report that Mr. Bhutto has said that the entry of Bangla Desh into the United Nations is going to be vetoed by China,

and it will come up today in the Security Council. I want the Minister of External Affairs to make a statement on what is going to be our stand.

SHRI JYOTIRMOY BOSU : I had written to you with regard to the affairs of the Kerala Colleges because they have come to Delhi to meet the Education Minister.

MR. SPEAKER : You are speaking without my permission. I shall call those gentlemen whom I have allowed, after the papers are laid on the Table of the House. Why do you get up at every stage?

12.55 hrs.

PAPERS LAID ON THE TABLE

NAVY (PENSION) FIRST AMENDMENT REGULATIONS, 1972

THE MINISTER OF STATE (DEFENCE PRODUCTION) IN THE MINISTRY OF DEFENCE (SHRI VIDYA CHARAN SHUKLA) : On behalf of Shri Jagjivan Ram, I beg to lay on the Table a copy of the Navy (Pension) First Amendment Regulations, 1972 (Hindi and English versions) published in Notification No. S.R.O. 180 in Gazette of India dated the 1st July, 1972, under section 185 of the Navy Act, 1957. [*Placed in Library. See No. LT-3337/72.*]

MONOPOLIES AND RESTRICTIVE TRADE PRACTICES AMENDMENT RULES

THE DEPUTY MINISTER IN THE DEPARTMENT OF COMPANY AFFAIRS (SHRI BEDABRATA BARUA) : I beg to lay on the Table a copy each of the following Notifications (Hindi and English versions) Under Sub-section (3) of section 67 of the Monopolies and Restrictive Trade Practices Act, 1969 :—

- (i) The Monopolies and Restrictive Trade Practices (Amendment) Rules,

1972, published in Notification No. G.S.R. 628 in Gazette of India dated the 27th May, 1972.

- (ii) The Monopolies and Restrictive Trade Practices (Information) Amendment Rules, 1972, published in Notification No. G.S.R. 787, in Gazette of India dated the 24th June, 1972. [*Placed in Library. See No. LT-3338/72.*]

APPROPRIATION ACCOUNTS (CIVIL) 1970-71 AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH) : I beg to lay on the Table—

- (i) A copy of the Report (Hindi version) of the Comptroller and Auditor General of India on the Appropriation Accounts of the Union Government (Civil) for the year 1970-71, under article 151(1) of the Constitution.
- (ii) A copy of Appropriation Accounts (Civil) for the year 1970-71 (Hindi version). [*Placed in Library. See No. LT-3339/72.*]

12.57 hrs.

MESSAGE FROM RAJYA SABHA

SECRETARY : Sir, I have to report the following message received from the Secretary of Rajya Sabha :—

“In accordance with the provisions of rule 127 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to inform the Lok Sabha that the Rajya Sabha, at its sitting held on the 9th August, 1972, agreed without any amendment to the Coking Coal Mines (Nationalisation) Bill, 1972, which was passed by the Lok Sabha at sitting held on the 4th August, 1972.”