

[Dr. P. S. Deshmukh]

(b) Rs. 80 in case of—

- (i) squashes, crushes, cordials, barley water, barreled juice and ready to serve beverages or any other beverages containing fruit juices or fruit pulps,
- (ii) jams, jellies and marmalades; and
- (iii) tomato products, ketchup and sauces;

(c) Rs. 160 in the case of preserves, candied and crystallised fruits and peels;

(d) Rs. 200 in the case of chutneys, and

(e) Rs. 250 in the case of—

- (i) canned and bottled fruits, juices and pulps,
- (ii) canned and bottled vegetables,
- (iii) frozen fruits and vegetables,
- (iv) aerated waters containing fruit juices or pulps, and
- (v) any other unspecified items relating to fruits or vegetables.

A decision has since been taken to revise these fees which will shortly be notified.

श्री सुरेन्द्रन राय (खेरी) : श्रीमान्, मैंने एक विद्यार्थिका का प्रश्न ही पूछा था। मैं जानता हूँ कि उसकी प्रश्नार्थक आज मिलेगी या न।

Mr. Speaker: I must look into the privilege notice. Then, if I give consent, I shall bring it before the House. I shall look into the case. It has just been handed over to me.

MOTION RE REPORT OF THE COMMISSION OF INQUIRY INTO THE AFFAIRS OF THE LIFE INSURANCE CORPORATION

Mr. Speaker: The House will now resume further discussion on the motion regarding the Report of the Commission of Inquiry into the affairs of the Life Insurance Corporation of India. Out of 8 hours allotted to this motion, 5 hours and 41 minutes have already been availed of and 2 hours and 19 minutes now remain.

The list of Substitute Motions/Amendments moved on the 19th February, 1958 has already been circulated to Members on the same day.

I will call upon the Home Minister to reply to the debate. At what time shall I call the Home Minister?

The Minister of Home Affairs (Pandit G. B. Pant): The final reply will be given by the Prime Minister at about two o'clock.

Mr. Speaker: How much time will the Prime Minister take?

The Prime Minister and Minister of External Affairs and Finance (Shri Jawaharlal Nehru): About half an hour.

Mr. Speaker: What about the Home Minister?

Pandit G. B. Pant: I want half an hour to 45 minutes.

Shri Braj Raj Singh (Ferozabad): All the time is consumed by the opening speech of the Prime Minister and the replies by the Prime Minister and the Home Minister. So Private Members will not get an opportunity. Will you please extend the time?

Shri Surendranath Dwivedy (Kendrapara): It may be extended by one hour more.

Mr. Speaker: I have said I will call upon two more hon. Members today. I shall give them fifteen minutes each. Then I will call upon the Home Minister.

Shri B. K. Gaikwad (Nasik): May we know the names of the two members?

Mr. Speaker: When they get up, I will call them.

Shri Surendranath Dwivedy: There was a demand for the allotment of ten hours. We thought that within eight hours it will not be possible for all viewpoints to be represented. Some more members want to speak.

Mr. Speaker: We have considered all those aspects at the Business Advisory Committee. The report of that Committee was placed before the House and it has been accepted. So, I don't think there is any need to take it up again. Now, Mr. Khadilkar.

Shri Khadilkar (Ahmednagar): At the outset I would make a request. You were pleased to say that the leaders of groups would be given 20-25 minutes. I am speaking on behalf of a group.

Mr. Speaker: Irrespective of whether the hon Member is a leader of a party or not, I will allow him only 15-20 minutes at the most.

Shri Khadilkar: Mr. Speaker, now we have got a report, the findings as well as the evidence, before the House. Though, broadly speaking, we accept the findings so far as they relate to this deal. At the same time, I would like to suggest to this House that in order to understand the deeper implications of this affair they should try to understand or place a construction on the basis of the evidence how this deal came about and how it came to light later on, because this aspect is very important.

As we all know, in the course of the post-Independence period and immediately after that, when the best-managed foreign concerns, particularly the British concerns, were about to be transferred, there was literally a scramble in the market, and those who had amassed fortunes during the war period wanted to take possession of such concerns. Mundhra, who, as

has been stated, was an adventurer, a manipulator and speculator on the stock exchange, was trying to get hold of the best concerns possible, and in his adventure he had borrowed quite heavily from the State Bank. Therefore, all the heads of these banking institutions, as well as the Finance Secretary, they came together and, naturally, in order to save the bank, if possible to save Mr. Mundhra to establish himself (that was the secondary motive), they decided upon this deal. That is my construction, based on the evidence.

Therefore, though in the actual deal the first process started in Calcutta, and later on it was finished in Bombay, something had happened before that. The Governor of the Reserve Bank, the Chairman of the State Bank and the L.I.C. Chairman, though they met before this deal, it is surprising they never exchanged confidential information regarding this gentleman, who is quite a notorious figure in the stock exchange. At the same time, they collaborated to get him out of some difficulty. That point should not be missed while dealing with this matter.

At the same time, the other interests were also in the scramble to get possession of these foreign concerns for a song, because their eyes were not just on the balance sheets. We must understand the implications. All these foreign concerns had amassed secret reserves. Mr. Mundhra knew it, because he belonged to the same investing community. Therefore, when Mr. Mundhra happened to cross somebody's path, he decided that this is the best opportunity, not only to expose Mr. Mundhra—he wanted a double-barrelled attack—but also wanted to attack something else. One attack was on the whole financial machinery, but the main aim of the attack was against the nationalised insurance business of this country. Because, as we all know, though our Prime Minister had chosen a team of

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Cabinet Ministers who are supposed to be there to implement the so-called socialist construction policies, many in the Cabinet and in the ranks of the Congress have never concealed their feeling regarding nationalisation.

They have not looked at it very kindly throughout, and when this conspiracy was being hatched, taking advantage of the Mundhra deal, they wanted to undermine the nationalisation effort in this country. All these people knew what was going to come.

I will tell you a funny story. You will be puzzled to hear it, especially when we have this team of socialist Cabinet Ministers. While coming back to Delhi, I met an astrologer. Before the final report was out, I was told some of the Cabinet Ministers consulted the astrologers. They were wanting to find out what would be their fate, in case this man goes out or that man comes in as a Cabinet Minister. This is a very strange state of affairs.

Shri Tyagi (Dehra Dun): What concern has my friend with the astrologer?

Shri V. P. Nayar (Quilon): Give the name of the Minister.

Shri Khadilkar: Yesterday, the Prime Minister said that after the deal they have grown wiser. Let us see from their future conduct whether that wisdom would be reflected in the policies of the Government.

So far as this affair is concerned, I would humbly submit that the Mundhra Affair is being made use of by sections of vested interests who have close links with a section of the Congress Party, some elements in the Congress Party.

Some hon. Members: No, no.

Shri Khadilkar: So far as this nationalised insurance business is concerned, it is so, and there is evidence for it. Yesterday, my hon. friend from the Congress benches raised issue about the way the

inquiry was conducted. The Attorney General was supposed to place the whole case before the Commission in an objective manner. Going out of his way, our Attorney-General Shri Setalwad—and his antecedents are known, the Setalwad family controlled the Industrial and Prudential House of Insurance, it is a well known fact—he could not conceal his feeling, so he said, and naturally attacked, when he mentioned about the “backdoor nationalisation scheme”. He was more interested in shifting the blame from the Principal Secretary to the Finance Minister.

Then comes on the scene, unfortunately for the Congress Benches, the ex-Governor of U.P., who is at large, now, Shri K. M. Munshi. It is a pity. Recently you have set down a poll regarding the working journalists. You send your Attorney-General to the Supreme Court to defend that policy, and in the same Court, the ex-Governor, who occupies a very respectable position in the Congress hierarchy goes there and attacks that policy. This is socialism and this is the faith to which the Prime Minister was referring when he said, while summing up his reply to the Debate on the President's Address, that energy and faith are necessary. Where is the faith in your ranks?

In this case, when Shri Munshi appeared, he wanted to shift the blame on the head of the Finance Minister. It is really fortunate for us, for it did not occur to the Portuguese Government of Salazar to approach this man who belongs to the honourable profession and to engage him in the Hague Court. Perhaps he would have accepted that brief.

Mr. Speaker: Order, order. The material before us is sufficiently big to engage us. Why should the hon. Member refer to the Hague Court and other places? I am not here to say one thing or the other. But let us not say anything against persons who

are not here in the capacity of an advocate he did so. Very well. Therefore, so far as that matter is concerned, whoever has appeared, there are a good number of persons with respect to whom there have been remarks and findings in the report. Why should we drag in any other person there? Whether he is competent or not, if an objection was to be taken, it could have been taken before the Judge that he was incompetent.

Shri Khadilkar: I gave an analogy with reference to the conduct of a man who occupies a very high position.

Mr. Speaker: His conduct is not in question here, he is not one of the parties to this Mundhra business.

Shri Khadilkar: Of course, no open party.

Mr. Speaker: It is not right to refer to that. It may be a question of decorum or of decency, I am not here called upon to express an opinion nor are we called upon to express an opinion on that matter whether it was right or not for him to accept the brief. That is not the subject matter before us. Let us address ourselves to the subject before us.

Shri Nath Pai (Rajapur): The Minister in his statement did bring in the name of Shri Munshi and, according to the latest reports Shri Munshi does not seem to have very much enjoyed it. So we must have freedom to speak on this.

Mr. Speaker: When an hon. Member says something, I cannot in anticipation of what he is going to say, shut it out. Therefore, he made a statement and went away. I would not allow a repetition of it.

Shri Khadilkar: I happened to belong once upon a time to this profession.

Mr. Speaker: Leave it alone.

Shri Khadilkar: I left it long ago because I did not find it so honourable.

Mr. Speaker: Order, order. The hon. Member must resume the subject-matter of the resolution.

Shri Khadilkar: So far as this enquiry is concerned, the more important aspect of it, namely, are we going to draw some lessons from it, that must be very seriously considered. Because, when we nationalised life insurance business and other undertakings, fortunately or unfortunately in this country it was taken for granted that all the major parties have accepted it and it therefore became a national policy. In the West for instance in Britain, there was a party issue and all the aspects of nationalisation in that country were thrashed out threadbare. But those who have faith or no faith, in nationalisation have for the sake of the party in power accepted it and in this affair what we find is that in a surreptitious manner they are trying to attack it.

Therefore, we will have to look to the nationalised insurance business as it is now being managed by the Life Insurance Corporation. What set-up was prepared to manage it? Were they people who had faith in nationalisation who were entrusted with this? Let us examine it. Even now, for instance, there is Shri Vaidhyanathan the Managing Director. All people know that he was closely associated with the Oriental Life Insurance Company controlled by that cotton king of Bombay Sir Purushottamdas Thakurdas and his company. We know that he used to operate on the market. We know it. Yesterday our friend Comrade Dange said that benami transactions in the insurance business were quite common. But all these big insurance houses used to employ the sons of Cabinet Ministers and used to get big posts for them. That was the position. When it was nationalised, all these people have not taken kindly to it. And they are supposed to run it.

A similar mistake was committed in Britain in the early stages of nation-

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alisation by the Labour Party. The other day my hon. friend Shri Masani pleaded for autonomy of this Corporation. He was pleading for a cause which has been long exploded in Britain. It is an old theory which has been discarded; the Morrison theory has been discarded in Britain, and they have now grown wiser. Because, if this autonomy is preserved, later on it results in creating small empires which are managed by industrialists who belong to the other sector, I mean the big vested interests. This is the question there, and they have thought about the problem properly now. It is being debated how best to control nationalised undertakings properly—by crucially taking possession of it that is by acquiring controlling interests, or by taking full control of it. All these things are being discussed there. Therefore, I for one would not subscribe, if I were to draw a lesson from this, to the theory of Shri Masani.

Another suggestion that he made was a very novel one. He is a lawyer.

Shri Asoka Mehta (Muzaffarpur):
He gave up practice

Shri Khadilkar: I am glad. When the Commission was appointed it was appointed to give a finding on particular issues mentioned in the terms of reference. Are we supposed to take it that it was appointed to lay down a policy as to how to manage nationalised undertakings? I fail to understand this. When some people made the plea that whatever opinion has been expressed at the end of the report, it should be accepted by this House, I think that was a most derogatory thing to suggest here. We are the people, this House is the forum, the supreme body in this land to lay down the policy as to what should be done and what should not be done. Any suggestion, any opinion expressed can be taken as a guide, but it is we who are to frame the policy and

implement it. Here, in this national Life Insurance Corporation, even now, as I said, five big companies who were operating in the field still dominate. They have the key positions. They have all the patronage, appointment, investment, and what not. Unfortunately, I must say, there is the Planning Commission. When nationalisation of this business was undertaken, immediately some plan ought to have been placed regarding appointments, regarding management and administration and regarding investments. Nothing was done. Till this Mundhra affair came to the forefront, no effort on these lines has ever been made and no steps taken.

If I were cynical, I would of course say like that great French political scientist who has stated recently in his book that in the modern States, whatever they are and their nature, a certain amount of nepotism, corruption and such other things form part of the State apparatus. But, unfortunately, I do not happen to be that type of cynic to look at these things with equanimity. Therefore, I would suggest, taking this into consideration as the House is seized of the matter, that we must try to understand the whole process of this affair and instead of avoiding the issue, fix the responsibility. If we fail in that effort, at least in the future, we shall see that this insurance business will be run in the interests of the country, in the interests of our socialist endeavour. That is the most important thing.

If we want to do it, we will have to find out how to do it. In such undertakings, the community has a vital interest. These undertakings, I mean the Corporations, are a sort of trustees. At the administrative level, at the industrial level, at the parliamentary level, there must be stricter control and the community must have a voice in it. As my hon. friend

Dr. A. Krishnaswami suggested yesterday this nationalisation of life insurance business was done rather in a hurry. Because of this we are in difficulties. If regional bodies were formed, and some local initiative was there, if people who have faith were taken into confidence and administration was handed over to them. I think that would have mobilised small savings and we would have got a greater trust of the common man in this undertaking. Even now, there is a suggestion in the report that a great businessman should be made the head.

In this affair, I would like to state very frankly this about the bureaucracy. I do realise it is an arm of the State and it has a definite function in our political machinery, a vital function. But, they are going with an impression that Ministers come and go, we are here. This is the impression all round. I know a small instance. I had an occasion to lead a deputation on behalf of the Poona Corporation. I went to meet the Minister. Unfortunately, the Minister was not so conversant with the English language. The Chief Secretary there who was present would not like to talk in the mother tongue. He started in English and we started in English. He felt embarrassed. The experience of those who happen to meet the Secretaries now-a-days in this democratic setup is their unconcealed joy of the permanent Secretaries. They feel: Oh! these people have come, all right, we will treat them with due respect, we are the people to make and unmake policy, what do they know. If we want to really build up democracy in this country and implement a policy of socialism, recognising their merit, recognising their essential services, we must not allow them to go with the impression that later on, time would come, we could make and unmake ministries. This is what happens. I would like to utter a word of caution in order to improve the business and put a little vigour into it.

In this affair, we have seen that the public has taken a very great interest. I do not think that that interest was in any way morbid. It was very healthy. Because, they felt, several demands were made, nothing was done, no inquiry was instituted, at any time, this time the Judge is there, and the people imagined that the whole Cabinet is in the dock and the people were the prosecutors. That sort of democratic sense or awakening was there. They watched the proceedings as nothing else was watched before in this country. We welcome it.

But, when we have sent this affair for an opinion, for a diagnosis to a man of Changla's calibre, eminence and integrity, we must also respect his judgment. I do expect it. As the doctors say, they send a small part of the diseased limb, what they call as section, for examination to a pathologist. As you know, he puts it under the microscope, applies some test and later on, gives his finding. But, at the same time, when the whole body politic is infected with a certain virus, we have got to find out some radical remedy to cure it. Therefore, in order to benefit by this experience which has given a good shock to the administrative apparatus of the State and the Cabinet, I have got a few suggestions to make and then I will conclude.

In this regard, there was a committee and Shri Gorwala has made some suggestions. In other countries where there is mature experience, there is a lot of literature about it. In particular, when we are discussing this matter, I would like to quote an authority on this for the benefit of the House. In his 'National Enterprise', Earnest Davis the author has rightly advocated that with the establishment of more public corporations, particularly in those industries of the greatest public interest and the vesting of great powers in the ministers, Parliament should exercise its control to an ever-increasing extent.

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Members of Parliament are trustees of the public weal whose duty is to safeguard the interests of the public, to protect the public from the high-handed action of the executive. Parliament should therefore exercise continuous control over public corporations, for once their legislation is enacted, Ministers prefer Parliament to forget the check they hold over their administration. They like we should go to sleep, we should not be vigilant." That is the general approach of the administration. This has been brought to the forefront

As Justice Chagla has suggested in his report, I have to make some suggestions. I would suggest, as mentioned in an amendment which has been tabled and as Shri T. N. Singh suggested, a sort of scrutiner committee of this House with full authority. Because, nowadays, we have not got Standing Committees which used to exercise better power of vigilance previously, some Committee should be appointed. I have another suggestion to make. Instead of taking the business executive, I would suggest, in order to expand this business, services of some senior executive in the Postal department should be made available. Because, we can go to the people through the post offices and they have no business links and they have managed it very well. If we take a senior executive from the Postal department and associate him with the executive of this body, it will definitely benefit the corporation.

I have another suggestion to make. If an independent Actuary is placed in the executive, that would also benefit. The accounts have to be audited by the Auditor General. At that time when the act was passed, this suggestion was made. It should be implemented now in the light of these findings, if we think of making this nationalisation of life insurance more effective because it brings in resources to our hands. Those elements in the country who are out in

a surreptitious manner to subvert our effort should be avoided. Formerly, we thought of subversion with regard to the Communists. There are subverting elements who are interested in subversion on the other side also secretly working. So, we must be very careful about them. In order to avoid these dangers I would suggest that the whole Act should be modified and the policy should be clearly defined. As I said, instead of having such a huge corporation, if it is decentralised and regionalised, it will have greater mobilising capacity. In the end I would like to say that with this institution in the hands of the people and with the State Bank and the Reserve Bank, as I said in the beginning, we would be able to keep away all those who are interested in creating difficulties in our way, expand and construct our society as we are determined to do.

Shri Feroze Gandhi (Raj Bareil): Mr. Speaker, I hope I have said enough about the Life Insurance Corporation and these transactions. If I may say so, my part has been of the smallest. I say to you with all the sincerity of my heart that in endeavouring to investigate into the transactions of the Life Insurance Corporation, I have been guided by no other driving force than the public good of my country. This inquiry has no doubt been a painful ordeal, most painful for me; but, we have gone through this baptism of fire, as I will call it, and I think we have come out of it with our heads held high. I am proud of my Government; I am proud of my party and I think all of us, including the Opposition, should share that feeling with me.

An. Hon. Member: You are proud of the Opposition?

Shri Braj Raj Singh: Are you not proud of the masses of the country?

Shri Feroze Gandhi: Parliament has made itself felt; its prestige has risen high and I think collectively we have

demonstrated the terrific striking power of democracy I think this inquiry has had a tonic effect on the entire country and the administration But let us see how others have viewed it.

The *Washington Post* in an editorial writes:

"India has just given an interesting demonstration of governmental responsibility to uphold public morality"

It goes on and ends by saying

"The example is pertinent to current events in Washington"

You see that it has had its effect not only in India but elsewhere too

I would like to pay my humble tribute to the Chief Justice of Bombay for the great work he has done We are proud of him I went to Bombay with doubts in my mind I went in search of justice and I am satisfied that justice has been done

I saw much in Bombay and I was much impressed by what I saw What impressed me most was the complete absence of Members of the Opposition It is very easy to speak in Parliament, but it is extremely difficult to repeat those things on oath I wish my friend, Mr Dange, who has said many things, had taken the opportunity to travel to Bombay like we did There was an open invitation, I immediately wrote to the Chairman and I sent a telegram I went to Bombay to appear before him after his press communique I wish Mr Dange had gone there, I wish he had proved all the things which he talked about yesterday

It is very easy to talk in this Chamber Mr Speaker For the first time in my life, I realised how difficult it is to speak on oath For four hours and a quarter, I tendered my evidence before the Chairman of the Commission and I assure you that every second of those four hours and fifteen minutes my knees were shaking I had to be careful about what I said before the Commission I was really surprised, because I wish that

Mr Dange, who always jumps up now and then to say almost anything that he likes, had gone there and proved all those things But the difficulty is that he was only writing letters Yesterday Mr Dange gave a remarkable example of what a waste it is to have such inquiries as far as that section of the Opposition is concerned Apparently he had not even read the report, he did not know who the Chairman was, who the Managing Director was, the amounts involved, and everything I think my party had provided him with ample ammunition, but this Opposition does not even know how to use it

An Hon. Member: We are not given a chance

Shri Feroze Gandhi: In some quarters, people have questioned nationalisation I say that this inquiry and all that has happened is a justification for nationalisation Mr Masani mentioned 500 directors of insurance companies who looked after their affairs Mr Masani forgot that the Life Insurance Corporation was dealing with 40 concerns with 400 directors in India What did they do? What has happened to all those concerns—Jessops, Richardson and Cruddas, British India Corporation etc? What has happened to them? Is it not known to Mr Masani? I sometimes feel that some sections try to utilise these things for their own ends, just as it suits them Some people justify it in one way others justify it in another way But I would like to point out that we, the Members of this Parliament, are the shareholders of the public corporations Can Mr Masani point out to me a single meeting of the shareholders of any company which has gone on and on and on like ours? Can he point out a single instance?

Shri M. E. Masani (Ranchi—East). Meetings of the Tata Iron and Steel Company normally go on till 10, 11 or even midnight starting at 2 sometimes

Shri Feroze Gandhi: I think TELCOs finish in 15 minutes

[Shri Feroze Gandhi]

I do not think the shareholders of these companies have such terrific protection as Parliament has accorded to the policy-holders of the life Insurance Corporation

Of course, the press has devoted volumes of space to this inquiry. The press is part of the private sector, it belongs to the industrialists—a substantial part of it—and naturally this being the first inquiry of its kind against a public corporation, they also tried to make use of it

An Hon. Member And make some money also

Shri Feroze Gandhi. Probably make money also. They used the opportunity to publicise this, but just look at the attitude of this so-called independent and free press. There is a case going on in Delhi for the last two or three years, a very important case. In this case one of the ex-proprietors of a leading newspaper was also involved. Probably he is the main accused. Not a line about this case is published. There is not a word about it as to what is going on. Therefore if the press has devoted so much attention to this inquiry, I think we should try and understand the driving motive.

Shri S A Dange (Bombay City—Central). Am I to understand that Shri Gandhi is repentant of having raised the subject in this House?

Shrimati Renu Chakravartty. Yes.

Shri Feroze Gandhi. It was a bad day when the shadow of Mundhra fell on the Corporation, but one thing has to be understood, viz, that the genius, the knowledge, the complicated experience in both handling and mishandling money is acquired in several generations, and this was pitted against a 1½ year old baby.

The Corporation has committed grave errors, acts of gross negligence, and I am happy that we are going to probe further into it, because it does require a further probe.

Was the fact that there was something wrong with the Corporation and its set-up known to our Finance Minister, our ex-Finance Minister? Did he try at any stage to set things right, and if so, I think it is my duty to read out to you what he did. I am sorry I have to read out from a note which is marked "Top Secret", which was sent to Shri H M Patel on the 15th April, 1957 by the Finance Minister. It is necessary to realise and understand the implications of this date, 15th April was more or less round about the time when the first, second and third transactions had taken place with Shri Mundhra.

The note to Shri Patel reads

Some Hon Members. Will it be placed on the Table of the House?

Shri Feroze Gandhi. Yes [Placed in Library. See No LT-563/58]

Mr Speaker. Is it the original?

Shri Feroze Gandhi. Yes. I will authenticate.

Shri Nath Pai. Some Members have some special sources of information.

Shri Feroze Gandhi. Yes.

If I am not mistaken, this is already on the evidence but I am not quite sure. Now there is no secret. It reads

"I am very sorry to say that my visit to the Corporation and certain sections of the zonal office for two days has not left me with a feeling of satisfaction that things are all right.

In the first place, the head office organisation wants a lot of brushing up. I found from the records which Kamath showed me about my directions to Rajagopalan more than two months ago, that apparently Rajagopalan had taken no action thereon. I would consider this to be a grave dereliction of duty. I am not sure

whether in the circumstances, Rajagopalan is suitable for continuing as Managing Director in the Corporation

On all accounts Vaidyanathan is of no use. He was never very good in the best of time. I suppose he is actually senile.

Vohra, the Executive Director, whom I dealt with in your presence, is perhaps a typical example of the efficiency of the Corporation.

B. K. Shah whom I met the next day said that he felt Vohra was no good in the New India Organisation....

—private sector,— New India. This is the Finance Minister's opinion about him. Shri Shah somehow passed him on; as Mundhra passed on the investment, Shah passed on his rotten men.

"He (Shah) said that he was glad to get rid of him. I do not know how many Vohras there are in the Corporation. Vohra has to go, and he will have to be the first casualty. I do not know the terms of his appointment, but this matter will have to be looked into."

Then he goes on:

"My visit to the sections of the zonal office merely confirmed the impression that I got of the working of the headquarters organisation.

Mehta whom I met (the zonal manager) appeared to be some what above the average, but it looked as if he had no sense of organisation; neither his records, nor his statistics were uptodate.

The business last year was bad, though not as bad as it had been made out in the newspapers. It has dropped by Rs. 69 crores. The business in the first three months of 1957 is not particularly promising. Unless a big effort is

made, it is likely that we might be worse off in 1957 than we were in 1956."

Lastly he said—and I think this would interest Shri Dange:

"There is no hope that the organisation will work properly as it is constituted at present. At least if discontent in various sectors, particularly of agents and to some extent amongst the staff is removed, things might move forward. I would like you to discuss the matter with me some time."

This was sent to Shri Patel on the 15th April, and the last line says: "I hope you will discuss the matter with me." Shri Patel is not an ordinary Secretary in the Finance Ministry. He is the Principal Secretary. What did he do with this? He ordered that the note should be filed, and it was filed. No action was taken.

On 9-9-57 the Finance Minister again sends a note to the Principal Secretary:

"I had indicated that I did not want that an extension should be given to Vaidyanathan. I also mentioned that Vohra's services as Director should be terminated. I now understand that Vaidyanathan has been given an extension for one year. I would like an explanation to be called for from the Life Insurance Corporation why the extension was given in spite of my specific instructions to the contrary."

The Life Insurance Corporation never sent a reply to the Minister.

Shri Nath Pai: On a point of information.

Shri Feroze Gandhi: Be calm.

Mr. Speaker: If there are any difficulties and doubts, the hon. Member will explain at the end of the speech.

Shri Nath Pal: How do you know my difficulty unless you hear me?

Mr. Speaker: Hon. Members will note down on a note-paper; I will allow them.

Shri Feroze Gandhi: What does he want to know?

Shri Nath Pal: Yesterday the Prime Minister said we had some special sources of information. I want to know his source of information.

Mr. Speaker: This is not the way to proceed with debates in this House. Hon Member, Shri Nath Pal, is evidently new. What he ought to do is not to go on interrupting.

As soon as an hon. Member begins his speech some doubts may occur. As he goes on he may resolve the doubts himself, so that when he comes to the end there may be no doubts whatever. In the meanwhile, hon. Members might note down whatever occurs to them and if the doubts are not resolved wait until the speech is over and then put the questions. Not till then. Why should they not note down the points. I will allow them opportunities, if their doubts are serious.

13 hrs.

Shri Feroze Gandhi: If I were to reveal all the sources of my information this inquiry would never have been held. I cannot.

Mr. Speaker: It is not necessary to divulge the source of information. It has been repeatedly held in courts of law that even if a document is obtained by stealth, so long as it is genuine it is admissible in evidence.

Shri Feroze Gandhi: I am placing it on the Table. This is the background. *[Placed in Library. See No. LT-563/58]*

These facts about the set-up of the Corporation were known to the Finance Minister. He tried, but I am not in a position to say why he did not succeed in putting them right. Mr. Patel at the time of the first note was not only the Principal Secretary of

the Ministry of Finance, but also the Chairman of the Life Insurance Corporation. At the time of the second note he was the Principal Secretary and not the Chairman. At neither of the two stages did what the Minister wanted happen. On the one side the Corporation is autonomous; and when it suits the Principal Secretary it is not autonomous.

In the course of the evidence which was unfolded before the Commission (it began with me) on the official side, beginning with Mr. Vaidhyanathan, Mr. Kamat, Mr. T. T. Krishnamachari, Mr. Patel and so on, it became evident that clarification was turning into confusion. At every stage it became obvious that the manner in which these transactions had been done was a wrong manner. Leave aside business principles, I don't think a single principle of any kind was followed in carrying through these investments. From the point of view of propriety also it has been held that it was not a proper thing to do.

But the most baffling thing that faced the Chairman, Chief Justice Chagla, the most baffling problem, was how Mr. Mundhra approached Mr. Patel on the 21st of June. He has not been able to solve it; that is where the Commission has failed. How did Mr. Mundhra come to know that Mr. Patel, or the Life Insurance Corporation, were interested in any way in the purchase of these shares. It was really a baffling problem. Witness after witness was asked, but nothing happened. Was there any talk, were there any negotiations? No. This was a terrific problem before the Chief Justice. And true it is that on the basis of the evidence before him he has come to these conclusions. He could have come to no other conclusion, no matter what anyone else has to say.

But, Sir, I would like the House to remember that every witness that appeared before the Commission has made his statement on oath; he has declared all that he has to say on oath. And what has come to my knowledge after the inquiry and a day or two

before the report, was that negotiations in connection with these purchases were almost completed in New Delhi I would like to read out to you a telegram I do not think Mr Pai would again ask me where I got it from This is the photostat of a telegram sent from New Delhi on the 13th of June, 1957 It reads

"New Delhi

Haridassji
Care Osler co
Calcutta

Life Corporation prepared purchase Jessops and BIC ordinary at negotiated prices Necessary instructions being issued from this end Please phone Sodhani"

This is the photostat of the telegram which was sent from Delhi There are important parts of this telegram which I would like to explain The first thing is that the Life Insurance Corporation is prepared to purchase Mundhra shares That is number one The second is shares in Jessop and BIC and the variety of the shares ordinary The third is at negotiated prices That means that more or less it had been decided that prices would be decided upon not by what is prevailing in the market on the date of purchase, but the prices shall be a negotiated one And the last part of it is instructions being issued from this end This more or less finalises it

Now, Sir, this is how far I am willing to go and not to disclose the rest Government have decided to order an inquiry and investigate the matter and it would be unfair for me to say anything more about this Shall I place this also on the Table

Mr. Speaker: Who is Mr Sodham?

Shri Feroze Gandhi: I am very glad This question came before the Commission also Mr Sodhani is not the representative of Mr Mundhra as is made out He represents Jessop in Delhi and he was to be a witness He was summoned to appear before the

Commission, but his health was not good, so he did not go I shall place this also on the Table [Placed in Library See No LT-563/58]

Mr. Speaker: The hon Member will later on certify the photostat copy

That is what I have to say about the matter as it stands today

Now, I come to another aspect of this inquiry and that is the relationship between the Minister and his secretary How is this to be determined? Quite a bit of the complications that have been arising in this inquiry have resulted because of what the Minister said and what the secretary understood it to be More than six or seven months had passed, and it was difficult for either to recollect what actually they said, and that is understandable There is one thing Shri T T Krishnamachari said that 'If the Life Insurance Corporation is interested they can look into it' But he qualified that, and he said 'Be careful there are spurious shares of these companies in the market' That was a warning which the Principal Secretary or those present there should have heeded They should have woken up to the dangers and the alarm had been sounded But, on the other hand what I have not been able to understand is that if Shri T T Krishnamachari knew that there were spurious shares why did he not stop the deal Why did he not say, 'Stop now You will not go ahead' That is another aspect of the matter

I would suggest that in future, any instructions given by the Minister to his secretary, in so far as these instructions concern investments or expenditure of huge sums of money, the practice should be introduced that it should be done in writing I would like to quote something from Mr. Winston Churchill's *Second World War-Vol II* I hope Shri Nath Pai will not ask me where I got this Mr. Churchill writes:

"I am a strong believer in transacting official business by the

[Mr Speaker]

written word No doubt, surveyed in the after-time, much that is set down from hour to hour under the impact of events may be lacking in proportion or may not come true I am willing to take my chance of that It is always better, except in the hierarchy of military discipline to express opinions and wishes rather than to give orders Still, written directives coming personally from the lawfully constituted head of the Government and Minister specially charged with defence counted to such an extent that, though not expressed as orders, they very often found their fruition in action

To make sure that my name was not used loosely, I had made during the crisis of July the following minute

'Let it be very clearly understood that all directions emanating from me are made in writing, or should be immediately afterwards confirmed in writing, and that I do not accept any responsibility for matters relating to national defence on which I am alleged to have given decisions, unless they are recorded in writing'

This is a very sound principle, and if it could be followed in war-time in Great Britain I see no reason why it cannot be followed in normal times in our own country

There is another aspect of this report, that is, the control of Parliament over the public sector and the public corporations The relationship that there should be between the public corporations and Parliament is a vast subject, and I hope that Government will give us some suitable opportunity to discuss it separately It is no use just saying a few words here and there, because it is a very important matter

I was listening to the statement made by the ex-Finance Minister, and he said something about tigers and man-eaters

Shri Tyagi: The hon Member is one of them.

Shri Feroze Gandhi: The Life Insurance Corporation is a child of ours; it is a child of Parliament And it reminds me of a story which I heard in a village, which I would like to tell you It is circumstances that determine the courage of a person. And that story was also about a tiger If a tiger attacks me, I might run away, I think I will run away But if the same tiger attacks my child, I will probably perish in the process of trying to save my child That is the difference which circumstances make to the courage of an individual In this case also, I would like to assure the ex-Finance Minister that we are quite capable of dealing with these man-eaters and as long as we have the tiger of Kumaon in the Home Ministry there is nothing to bother about We are safe in his hand and I think that as long as he is there and his watchful eye is kept on the country, we have nothing to worry about These man-eaters in the private sector Mr Speaker are vegetarian tigers

I was rather touched by what the Prime Minister said yesterday These two months have been a great strain There is no doubt that the strain has been, perhaps, the greatest on him I am sorry for that, because I realise my responsibility in this matter But I think, as he himself has said, good will come out of it If others have aged, I have aged too in these last few months This Life Insurance Corporation transaction has taken me eight months to complete from the time that Dr Ram Subhag Singh and myself started working in co-operation

I wish, on this occasion, our great leader Maulana Azad were here, because I want to read out an Urdu

couplet which suits to this occasion. It reads like this:

कनिष्ठा था दिल में, मगर कालों क्यों भर दाश है,
कहाँ की बीट और कहां रंग लाध है,

Shri H. N. Mukerjee (Calcutta-Central): I feel some difficulty in following the performance of the "Ellory Queen" of the Congress Party who has given us a speech, grave and gay at the same time, but his speech has shown very clearly that the 'mutiny in his mind', about which he spoke in December has been very nearly quenched. I do not know what was his purpose in gratuitously attacking the Leader of the principal Party in opposition when he wanted to imply—and said it as much—that Shri Dange evaded giving evidence before the Commission. As a matter of fact, Shri Dange was very far from Bombay at that time and he sent a telegram to Mr. Justice Chagla requesting for a particular date when he could come and give evidence personally in Bombay, and if that was not suitable to Mr. Justice Chagla, then he might perhaps send a statement. Then the Judge wired back to him saying that his statement might be sent because—I expect—he was rather in a hurry to get on with the proceedings. But Shri Feroze Gandhi has chosen to disrupt a kind of a united effort which was beginning to be made in this House in order to secure a remedy of the situation which has been divulged by the proceedings before the Commission and the findings of Mr. Justice Chagla.

It is a pity, for there has been a plethora of scandals—jeep, fertiliser, sugar, prefabricated housing, cotton and Heaven knows what other and minor scandals, to which reference was made by Shri U. C. Patnaik yesterday—scandals which have a family likeness, with the latest in the series, LIC. It is a pity that those in the Congress Party who felt 'a mutiny in the mind', to quote Shri Feroze Gandhi's expression, do not feel today that they should join hands with the Opposition in asking for that kind of

probe which is wanted, not the sort of probe which is suggested in the Prime Minister's Resolution, but a probe which goes very much deeper and very much further.

We do not happen to have access to certain sources of information which Shri Feroze Gandhi appears to have. It is a pity.

[MR. DEPUTY-SPEAKER in the Chair]: If we did have such access, perhaps things would have got hotted up. But Shri Feroze Gandhi has given the House certain documents, rightly or wrongly, true or false, correct or incorrect, we do not know; but those documents indicate very clearly that something is terribly wrong in the State of Denmark, and that, at any rate, the former Finance Minister, after what Shri Feroze Gandhi has said to the House, can hardly plead that he was unaware of the goings on in his Ministry.

I do not understand how Shri Feroze Gandhi can come and say today that perhaps the responsibility can be foisted on a particular individual. I do not care who it is; particular individuals might very well have to be punished very drastically; but I do not understand Shri Feroze Gandhi coming and saying that the responsibility should be sheered away from the Finance Minister altogether. That is something which we cannot stomach and that is why, we want that there is a real probe, a real investigation into the entire position, and we desire that that probe is conducted not in the usual manner of Government, not by having a departmental investigation, not by having a police case or two here and there, not by making a show by all kinds of devious means very well known to the bureaucracy of making documents vanish, but by the work of a parliamentary committee continuously in session. We might very well take a holiday from speech-making in this House and might very well concentrate on the job of looking after these autonomous corporations which will, necessarily, have to be set up, in per-

[Shri H. N. Mukerjee]

perhaps larger numbers in the course of our evolution to a socialist pattern of society.

Therefore, I say that the wholesome emotion which appeared in the mind of Shri Feroze Gandhi in December seems to have vanished. But I do wish that even at this late stage, there is an effort from all sides in this House to join hands together and ask for that kind of probe which alone can bring to light the facts which the country very badly wants to know.

It was a very good job that we had Mr. Justice Chagla as the Commission of Inquiry. It was a very good job too that the Attorney-General representing Government acted before the Inquiry in the way that he did. I wish to repeat what has been said before in this House that the Prime Minister made certain statements, perhaps with an inadvertence which he wanted to cover up in the course of his observations yesterday, but he still made certain statements about the Commission, particularly in his letter to the Former Finance Minister which, I say with respect, were lacking in propriety. What he said, and the way he said it, were both at fault. It is a pity, for the Prime Minister does not usually make that kind of mistake, but this time he did it.

I cannot—and I do not—mind the Prime Minister being very tender with his flock. He has to be very tender because the entire moral basis of his administration was shaken up and he had to proffer shelter under his wings for his erstwhile Finance Minister and for certain other people. But he had no call to be ungracious, to put it very mildly, to the eminent Judge who had investigated the LIC transaction. Judges—I say this particularly because you, Sir, are in the Chair at the moment—do not need encomia from the executive, but it is only right and proper that when a job of work is done so very well by a very eminent Judge of our country, the Prime Minister says so, acknowledges

it in those terms which come very easily to his lips.

When the Prime Minister spoke, one felt that Government, apprehensive of what Commissions of Inquiry might divulge, would be chery of having them in the future. He gave us yesterday a whole long quotation from the *London Times*. If that was read between the lines, the whole point seems to be that Commissions of Inquiry of the kind that we have had were undesirable. It is very unfortunate that the Prime Minister is thinking on those lines. More such investigations with the public keen and vigilant, as they were in Bombay, and the wrong-doer in fear and trembling, as I hope the wrong-doer will now continue to be,—that sort of thing is wanted if we do want our socialist progress to be at all a reality. But I have very grave doubts about Government's *bona fides* in regard to the construction of a socialist society.

On the whole, the recommendations of the Chagla Report are, to us, unexceptionable, but we make one large exception and that is in regard to Mr. Justice Chagla's apparent preference for private sector industrial personnel. Apart from that, what he recommends are right. As a matter of fact, what needs to be worked out is a scheme for a new cadre of workers in the public sector, workers imbued with a faith in the new socialist ideal, imbued with a new spirit and zeal of work. We cannot wish this kind of new personnel into existence in the course of a day. But then we shall have to make an effort.

We shall, of course, make many mistakes, and I am sure my hon. friend, Shri M. R. Masani, will delight in pointing out mistakes made by the public sector. But that is neither here nor there. The caravan will go on. The public sector must be made more public with the public participating at different levels, with public servants being more deserving of their name and Government must now

evolve ways and means of associating the public and in enlisting their co-operation at different levels of administration.

This is indeed a sea-change from the present bureaucratic trends, but it must be effected, and to this the Prime Minister, in particular, must apply his mind. There is no question of merely praising or maligning the present corps of civil servants. They have their points; but, by training and by tradition, they are largely unsuited to the tasks of today. A fair cross section of the topmost rungs of our civil servants, Patel, Kamat, Iengar, Bhattacharyya and Vaidyanathan, they have been tried and found wanting. The myth of their omniscience and indispensability has gone for ever. They have been all at fault, some more egregiously than others. Some drastic action is required and without delay, not only in regard to them but to the system of thought and action they represent.

The Prime Minister, yesterday, out of his way to single out the Governor of the Reserve Bank for all praise in this House. I had an occasion once to refer to the same official in very complimentary terms. I said he was a most excellent officer. But, I find here, in answer to a question in this House, the former Finance Minister said—unsatirred question 2119 on the 20th December, that the Governor of the Reserve Bank, speaking before the International Industrial Development Conference at San Francisco had said that in India the private sector is playing a dominant role in our economy today and is bound to play a dominant role in future. This is the answer of the Finance Minister. This is the kind of person who believes in the private sector just as fervently as my hon. friend Shri Masani does and this is the kind of person who fell very easily into the trap laid by men like Mr. Mundhra. So, it is no good. It is rather gratuitous on the part of the Prime Minister to go out of his way and single out for praise a particular individual. It is neither here

nor there. It is no good praising or maligning in that fashion. The whole crowd of them have certain traditions, have certain training and, therefore, as a result of that, they are found wanting particularly at a time when the national funds are going to be utilised for purposes of national reconstruction in a socialist way.

I need not dilate how it is a very ugly picture that the Chagla Inquiry has unfolded. A sum of Rs. 1½ crores was parted with by the Corporation without apparently there being a single file in the Finance Department which would have such definite notings that the responsibility could be absolute'y apportioned. Mr. Gandhi has referred to certain documents; but the time of investigation which they seem to indicate ought to be pursued and the unseemly hurry that took place over that transaction is something which we cannot forget. The utter disregard of responsibility in regard to public funds, the unusually friendly relations with which Shri Mundhra treated very high up officers, all this is rather sickening.

I wish also to say that the former Finance Minister, also an actor in the drama before and after the Inquiry, did not come off at all well. I know that you do not hit a man when he is down; but, we are not having a medieval tournament; we are having a discussion on a political matter. It is a pity that his friends did not realise that his stewardship of finance has been wrong, that he has lost what he chooses to call his position of strength, for certain very good reasons which it is not for me at the present moment to discuss. I believe he lost grip over himself when he gratuitously alleged that Mr. Justice Chagla had based his findings about him on surmises and that the constitutional responsibility for the unrepudiated actions of the subordinates had not been established. That was a fantastic statement to make. I am sure the former Finance Minister is very well-up as far as his constitutional law is concerned.

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On one point again I would like to emphasise, where there is complete unanimity in this House and in the country. Mr. Justice Chagla has said it, the Attorney-General has said it. Now, Government says it and we have said it too very often and it is this, that more facts must be dug out. We have not got anything like a full picture of things and those other facts have got to be dug out and, particularly, by the instrumentality of what I have suggested, a Parliamentary Committee or committees in permanent session in order to go into these matters.

For example the Company Law Administration has been so immobile and almost corrupt, I should say, if the allegations which come to us can be given any credence. Why should cases be instituted in late 1957, after the LIC discussion here, when facts about them were known in 1955? What is the explanation to the acquisition of sterling companies by Mundhra and, particularly, by the alleged utilisation of moneys to the credit of certain princely States which were in London and which were negotiated by Mundhra and his friends including some very high-up people in our administration? How is it that the arrears of income-tax go up in the course of 9 months from Rs. 180 crores to Rs. 208 crores? How is it that millionaires in whose houses in Calcutta, for example, lumps of gold are found secreted under flower pots after a police search, have played hosts to Ministers and they go off scotfree? How is it that this sort of thing happens? How is it that public undertakings like the Hindustan Shipyard seethes with inefficiency and corruption? The Prime Minister has told us yesterday, he disapproves of insinuations and gossip. I dare say he does not disapprove of Mr. Feroze Gandhi doing certain things. If he does not, in that case, I do not see he should be so particular in his disapproval of lobby seething with rumours and things of certain sorts. We hear

these reports; we hear these allegations; things are sent to us; sometimes anonymous statements are sent to us. We cannot go before a court of law and say on oath that we can vouch for the truth of those allegations. Those allegations can only be investigated by governmental apparatus. But, my experience in this House for the last 6 years is that when we push all these allegations to the Ministry concerned, they are pushed down in the waste paper basket; and that is exactly what happens all over the place. It remains a fact that we have to make sure that insinuations and charges are really correct. We have to make every effort in order to piece and sift the evidence, if there is any, in regard to these insinuations and charges.

We cannot forget—and we have a responsibility not only to this House but also to the country—that reports have appeared in the papers about Mundhra's contacts with very senior Ministers. May be the reports are completely wrong; but the reports are there. They may be have been innocent contacts. The Home Minister may have met Mr. Mundhra some time ago in an innocent fashion. There may have been very innocent contacts; but, at the moment, and very rightly, in this country whatever relationship smacks even remotely of the Mundhra taint is suspect. That is why I want to make a reference to a matter which gives me no pleasure at all. I wish to refer to a matter which already has been mentioned by my friend Shri Dange; and, that is, the Union Law Minister's association with Mundhra.

It has been mentioned in this House—though the papers mercifully did not report it for some good reason and this was commented upon by *Vigal*, the weekly organ of the PSP (*Acharya Kripalani*—No.). There is an impression in Government circles and, I have a feeling that perhaps the Prime Minister thinks so, that the Union Law Minister was only in his

professional capacity, as a barrister, legal adviser to Mundhra I wish later on, if it is necessary, the Union Law Minister makes a statement in regard to this. But, it appears that he was a great deal more

Yesterday, Shri Dange quoted from the report of Jessop and Company's balance sheet and that sort of thing that he was a director and, in the period of his directorship, when he was a director, certain doubtful transactions with Richardson and Cruddas which have been maligned during the course of the investigation by Mr Justice Chagla, were entered into. I have a great deal more material in regard to the Union Law Minister, but, I do not propose to put them here. But, it is very necessary that something is done to find out the real fact about it. I make no allegation against Mr Sen whom I have known for many years. He is, as everybody knows, a very capable and likeable person. But, in the public mind there is a presumption which must be rebutted that his association with Mundhra and his position in Government are an unworthy juxtaposition of things.

The former Finance Minister defending the public sector in his last statement warned against certain powerful interests which he had said, had got him as their first victim. Now, we ought to find it out. He made a pose of injured innocence. But, there should be some investigation in regard to this matter.

I wish to refer also to the question of autonomy of statutory corporations. I need not take much time because public corporations have come into favour on account of the promise they give of fulfilment of a social purpose without the handicap of bureaucratic rigidity, and, therefore, control by Government of the public corporation is an axiomatic proposition. There can be no get away from that. Mr Masani of course does not like that. But I was very interested to find that he wrote in the Life magazine of America on

the 25th of November 1957 an article in which he referred to the proceedings in our Select Committee. And there he says

"Great sense of realism was displayed by the Finance Minister in regard to the position of foreign investors in India. He went out of his way to accept amendments in the Select Committee designed to facilitate the interests of the foreign investor, even to the extent of discriminating against the Indian investor and I am glad to say that the entire Committee supported him in this move."

I am sorry Mr Masani is not here. He makes a statement and says certain things happened in the Parliamentary Committee. This is entirely an unwarrantable way of doing things. But it suggests how he has a weakness for the private sector in such a heightened fashion that he naturally comes forward and emphasises the autonomy of the statutory corporations to the detriment of Government's control over these matters.

Mr Deputy-Speaker The hon Member's time is up

Shri H N Mukerjee I shall conclude in a minute, Sir. I conclude by saying that if the British Government finds it necessary to have a Radcliffe Committee to study the constitution of the Bank of England, how much more in a socialist pattern of society is it necessary for us for Parliament to study and regulate the LIC, the State Bank, the Reserve Bank, the steel corporations and similar bodies. I would like also to say what I said at the beginning, namely, that the members of the Congress Party and the Opposition have joined hands together to expose and demand rectification of the improprieties and malpractices of the LIC. Let not Congress Members in their regret for the jolt which the Government has had now lag behind in following it up effectively in the public interest so that we shall find that the Chagla Inquiry which has been an education for the public would also lead to such resolutions as would

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really bring about popular control of our social structure of our economy and therefore, we can advance, if at all we wish to do so, in the direction of the socialist pattern of society. That, therefore, is the appeal which even at this late stage, I shall make to the members of the Congress Party, even though I have a suspicion that they are not going to support the amendments which we are sponsoring. Those amendments are exactly in line with the attitude displayed by my friends, Dr. Ram Subhag Singh and Shri Feroze Gandhi when he felt that mutiny in his mind.

The Minister of Law (Shri A. K. Sen): Mr. Deputy-Speaker, I had no intention to take any part in this debate. But since my very esteemed friend, Prof. Mukerjee wanted me to make a statement, I thought it would be discourtesy not to do so.

He has said that I was the legal adviser of Mr. Mundhra, and that I was a director of the Jessops. Therefore it is necessary and the House is entitled to a statement from me on those two points.

So far as H. D. Mundhra is concerned, I do not think he ever had any legal adviser in Calcutta. I do not think there was any case against him in the Calcutta High Court. I have not appeared in any case. His father, Mr. Gopaldas Mundhra, who owned certain bazars in Calcutta—I had appeared for him in 3-4 cases in the Calcutta High Court. It was all reported in the Law Reports. Some were in 1949 and some in 1950.

The first time that I saw this gentleman, Mr. H. D. Mundhra, was in the year, 1954. I think, when in a Delhi suit, a Commission was issued to the Small Cause Court, I examined certain witnesses including his father. Mr. Mundhra himself was examined by a different Court. It was a suit on breach of contract filed by a Delhi contractor. I had appeared on behalf of his father to examine him before the Commission. So far as he is con-

cerned, he was examined by a very dear friend of mine, a fellow barrister, who did not belong to the Congress. He belongs to the party which is not certainly Congress. That was the first time that I saw him.

The next time I saw him was in 1956 when there was a very serious strike in Jessops. The work was stopped and the local Government was concerned in the matter. They did not want the labour strike to continue. I was consulted in the matter. Though there was no case going on, I intervened myself and tried to do my best to settle this strike. I am happy to say that the strike was settled to the satisfaction of the labourers and I received congratulations in writing from some labour unions.

Immediately after that, it was conveyed to me that it was Dr. Roy's desire that a Bengali who was well-known in public life should be associated with Jessops Company as a director so that there may not be such future strikes. I was approached sometime in July or August 1956 whether I was willing to do so and I told them that I could only say so after I had discussed the matter with Dr. Roy. After discussing the matter with Dr. Roy I agreed and I was elected a director in August 1956. I do not think there were more than 3-4 meetings of the board that I could attend and immediately after I became a Minister, I resigned. I can only say this.

One thing I can claim credit for is that immediately after I joined, I helped the board of directors to declare a bonus of 5½ months for the labourers. This is the only thing that I took direct part in. I could not take direct part (Interruptions.)

An Hon. Member: The workers forced the management.

Shri A. K. Sen: I am glad they forced me. I am always glad to be forced by workers. I did not consider it blameworthy nor is it discreditable for the workers to force. They can persuade; they need not force. In this

case there was no question of force because before the matter went to them, there was this bonus declared. This, in short, is the history of the association that Prof Mukerjee wanted me to explain.

The next time as a Minister I had anything to do with any of Mundhra matters was sometime in September or October last year. I think there was a case going on against either this Mundhra or some company, I think Oslers—filed by the Registrar of Joint Stock Companies in which the Public Prosecutor in the Court of the Chief Presidency Magistrate, Calcutta was engaged on behalf of the Central Government. I received a letter from the Public Prosecutor. I think he was defended by a fellow Bachelor who certainly does not belong to the Congress. I received a letter from the Public Prosecutor stating that it had become extremely difficult for him to carry on this heavy prosecution singlehanded and that in spite of his repeated requests the Government was not giving him a junior. He said that the volume of evidence was heavy and there were many witnesses and over and above his ordinary duties as a regular Public Prosecutor he was not able to do justice to this case. The letter is on the file. I do not exactly remember the date. If I knew I was going to make a statement, I would have verified it. But I remember it was during the Puja—some time in September or October.

I called my Secretary and asked him to see that a junior was immediately briefed to assist the Public Prosecutor so that the prosecution might be conducted properly and it is due to my recommendation, I can say, that a junior was briefed to assist the Public Prosecutor in the conduct of the case. This was the first and last thing that I was ever called upon to do in relation to any matter concerning the Mundhras and I do not think that I did anything which is against my duty or against the principles or traditions which a Minister should follow or try to uphold.

Shrimati Benn Chakravarty (Basirhat): What about the flying to England in the middle of elections?

Shri A. K. Sen: That was before my ministership, I suppose, and not as a Minister. I have gone to England in many many times before that. I was there when you were there (*Interruptions*).

Now, Sir, that is the position, and I hope the matter has been explained as well as I can. And, if there has been any worry in the mind of anyone I hope my effort has succeeded in dispelling it.

I wanted to say one thing more, and that is very important. You will remember, Sir, that on the 4th September for the first time the question relating to this transaction was raised in the House. It was in Calcutta in the first week of October. During the poojas in Calcutta the local pooja committees hold meetings to inaugurate the great festival, which is such a common feature in Bengali life. I had addressed several meetings. At that time a civil disobedience movement was launched by some of the parties in opposition on the question of food. I think in one or two places I said that if I were convinced that a civil disobedience movement was going to raise our food production I would be one of the first to join. I saw in the papers one or two days later that a public pooja committee meeting was held in the House of Mundhra which is called 'Tagore Castle'—it belonged to Raja Pradosh Kumar Tagore—in which several leaders of the Communist Party were present. Notably Mr Bankim Mukerjee, Deputy Leader of the Communist Party in the West Bengal Assembly, was present as I believe the guest in chief. I read in the papers a report that I was attacked there because of my speech made earlier in Calcutta regarding the civil disobedience movement on the question of food. These associations are really fortuitous.

Shrimati Benn Chakravarty: Does the hon. Minister say that Mr Mundhra was present there?

Mr. Deputy-Speaker: Order, order.

Shrimati Benu Chakravarty: He has made an allegation, Sir, let us be clear about it.

Mr. Deputy-Speaker: Order, order. These are statements that are being made by Members in their own turn. There is no cross-examination here. We may or may not accept the statement, but we have to listen to it.

Shrimati Benu Chakravarty: I wanted to know whether it was in the house which belonged to Mundhra or in the presence of Mundhra

Mr. Deputy-Speaker: He only saw it in the papers

Shri A. K. Sen: They were welcomed by one of the Mundhras. It is quite an innocent thing, it has not actually any motive. I was not invited there. I cannot say who else was present.

Mr. Deputy-Speaker: The hon. Home Minister

The Minister of Home Affairs (Pandit G. B. Pant): Mr. Deputy-Speaker, Sir,

Shri H. N. Mukerjee: May I beg for a clarification, Sir? The Union Law Minister has made certain statements in regard to his relationship or otherwise with Mundhra. Some of us do happen to have some material sent to us about the truth of which we cannot exactly vouch because we have no personal knowledge. Would you give us some facility to have this kind of material which comes to us sifted, verified and examined by some kind of a parliamentary agency?

Mr. Deputy-Speaker: Order, order. Not in this debate at least.

PERSONAL EXPLANATION BY A MEMBER

Shri Thanu Pillai (Tirunelveli): Sir, I have just seen a copy of the uncorrected report of my speech which I made yesterday in the House. In page 2128, paragraph 3, I regret to say there is a completely wrong impression created of what I, in fact, said. There

was you know, Sir, a lot of interruption and confusion. I never attributed any statement to the Prime Minister. I really wished to submit to the Prime Minister remarks made by others and by myself. I have sent to the Lok Sabha office the correct version. As, however, a wrong impression is likely to get abroad, and it affects our leader and revered Prime Minister, I felt I should, with your permission, make this clarification on the floor of the House, and also apologise to the House and to the Prime Minister in case any wrong impression has been created.

MOTION RE REPORT OF THE COMMISSION OF INQUIRY INTO THE AFFAIRS OF LIFE INSURANCE CORPORATION—contd

Pandit G. B. Pant: Mr. Deputy-Speaker, Sir, I intend to make only a short speech and not to take much time of the House. I am really sad that one of our esteemed colleagues of keen intellect, outstanding ability and mental vigour should be absent from the House, and the country should have been deprived of his services. It is difficult for me to say more in this connection. I do not intend to go into minute details or to comment on the report of the Commission. I should, however, like to express my gratitude for Chief Justice Chagla who was persuaded by me to accept this embarrassing responsibility.

Sir, the questions which are under consideration today do not, in my view, admit of any party or partisan approach. My regret is that, in spite of the solemn character of an occasion like this, some of the speakers have gone out of their way to make insidious innuendoes which would tend to besmirch the reputation of men in public life. We have listened to some of the speeches and we are really surprised that hon. Members should have either readily accepted what reaches them or, still more, that they should repeat them here.

However, Sir, so far as this present report is concerned, the operative