

other experts in the committee. If it becomes necessary at some stage to consult other experts, after the examination of the report that thing can be considered

Control being Exercised by I.O.C. over the Functioning of Indo-Burma Petroleum.

*87, SHRI S. C. SAMANTA Will the Minister of PETROLEUM AND CHEMICALS be pleased to state

(a) the type of overseeing and control being exercised by his Ministry and the Board of Indian Oil Corporation over the functioning of Indo-Burma Petroleum and chain of subsidiaries recently acquired

(b) whether I.O.C. has decided to buy greases, specialities and barrels from Balmer Lawrie Company without any tender, and

(c) if so, the reasons therefor?

THE MINISTER OF LAW AND JUSTICE AND PETROLEUM AND CHEMICALS (SHRI H. R. GOKHALE) (a) to (c) A statement giving the required information is laid on the Table of the House

Statement

(a) Under the Indian Companies Act, 1956, each company is managed and controlled by its Board of Directors who are elected or nominated in the Annual General Meeting in accordance with the Memorandum & Articles of Association. There is no provision in this Act for any supervisory role to be exercised by the Parent Company over the Board of Directors of the Subsidiary Company except to exercise the powers available to shareholders in the General Meetings. The Indian Companies Act, 1956, however, provides for the appointment by a parent company under Section

214, of an Inspector of Accounts. The Indian Oil Corporation (IOC) has accordingly nominated an Inspector in respect of the Indo-Burma Petroleum Company Ltd (IBP). Similar arrangements are being made in respect of Balmer Lawrie and Company Limited by the IBP which is its parent company and by Balmer Lawrie and Company Limited in respect of the following four subsidiaries

- i Industrial Containers Limited
- ii Bridge and Roof Company (India) Limited
- iii Steel Containers Limited
- iv BIECCO Lawrie Ltd

Accordingly the Board of Directors of the IOC, a fully Government owned undertaking is nominated by the Government of India. The Board of Directors of IBP consists of those elected by the shareholders in the Annual General Meetings. Presently the IBP Board comprises IOC's nominees (IOC holds just under 60% of the shares and the remaining shares are held by some 2,000 private investors)

(b) and (c), IOC has in the past shown preference to other public sector companies in regard to its purchases. In pursuance of this policy it has existing contracts for the purchase of barrels from the Garden Reach Workshops and the Bhusaval Ordnance Factory. These were entered into without inviting public tenders. As an extension of this policy, IOC has decided that for a period of one year it shall purchase greases, specialities and barrels from Balmer Lawrie and Company Limited and from its two subsidiaries i.e. Steel Containers Limited, Bombay and Industrial Containers Limited, Calcutta, without inviting public tenders. This decision has been taken as Balmer Lawrie and its subsidiaries have now become public sector companies. In view of this consideration and the fact that the cost structured would be available to the IOC

so as to ensure that the purchase prices are reasonable, the IOC has decided to obtain its requirements of greases, specialities and barrels from Balmer Lawrie and its subsidiaries

SHRI S C SAMANTA From the statement I find that there are existing contracts for the purchase of barrels etc from the Garden Reach Workshops and the Bhusaval Ordnance Factory and these were entered into without inviting public tenders, because they were monopoly supplies. I would like to know the price at which the barrels etc were obtained.

SHRI H R GOKHALE The hon member wants to know whether the purchase of greases specialities and barrels from Balmer Lawrie was without any tender. As I have said in the statement it has been the practice of IOC to give first preference for its purchases to public sector undertakings. Balmer Lawrie has become a public sector undertaking because 80 per cent of its shares are now held in the public sector. Therefore the policy to give preference to the public sector remains.

SHRI JYOTIRMOY BOSTI How did you acquire it?

SHRI H R GOKHALE It is another question. But there is a certain kind of check because under our control we are in a position to know the cost structure and regulate the prices to see that they are not unreasonable.

SHRI S C SAMANTA What is the price paid to Balmer Lawrie and what is the ruling market price?

SHRI H R GOKHALE I do not have the figures just now, I can supply them later.

DR. RANEN SEN From the statement, it appears that there are quite a large number of private shareholders in IBP.

Is it a fact that in Balmer Lawrie also 20 per cent shares are held by private shareholders? Is it a fact that Duncan Brothers are owning shares in Balmer Lawrie and the recent acquirement from Duncan Brothers was objected to by the Government in the Company Affairs Department? If so, why?

SHRI H R GOKHALE I have got a rough chart here as to the holding of shares. First the hon member referred to IBP. IOC is holding 60 per cent shares in IBP and small private investors own about 40 per cent. I B P's share interest in Balmer Lawrie was formerly about 30 per cent. They were in a minority. Now it has become a public sector undertaking. At that time, Duncan Brothers owned about 22.59 per cent shares, and Alex Lawrie, who were also associates of Duncan Brothers, because they gave proxy to Duncan Brothers in the matter of exercise of voting rights, possessed 27.55 per cent, the remaining 19.77 per cent were with miscellaneous shareholders. The net result of this is that before this reorganisation took place, while IBP had 30 per cent Duncan Brothers had a little over 50 per cent, not to mention 19 per cent held by others. After the changeover, we have taken all the shares of Duncan and Alex Lawrie. This means a holding of about 50.14 per cent. The consequence is that now in Balmer Lawrie we have 80.23 per cent holding giving us a clear majority in the control of the company.

SHRI PRABODH CHANDRA Will the Minister keep in view the fact that the cost of production in the public sector is higher? That being so, is it not a waste of money to put public money in the public sector?

SHRI H R GOKHALE The hon member is challenging the very basis of our policy. The policy is really to build

up the public sector so as to control the commanding heights, as it is said. Now it is true that in some cases the production cost is more ; in some other cases, it is not. Therefore, to generalise that in all public sector units the cost of production is higher and hence it is not advisable to go in for the public sector is, I think, not correct.

SHRI DINEN BHATTACHARYYA : While purchasing shares of Balmer Lawrie from Duncan Brothers, did Government pay higher value for these than the market value? If so, why?

SHRI H. R. GOKHALE : The idea in purchasing the seshares obviously was to take over the control of this vital company. At this stage, I may mention that this company is not alone because it has four other subsidiaries. They are important subsidiaries and which will now come under the control of the Government of India.

SHRI JYOTIRMOY BOSU : The question is very specific. Why is the Minister digressing?

SHRI H. R. GOKHALE : I have not finished my reply. I am coming to it. Some shares were available in the market, but the quantum of the shares which were available in the market was very small and the taking over of those shares would not only have not given us any control but it was a insignificant proportion of what we required for taking over control of Balmer Lawrie. As it is, Duncan Brothers were trying, and in which attempt we frustrated them. *(Interruption)*

SHRI JYOTIRMOY BOSU : Goenka.

SHRI H. R. GOKHALE : Whether it is Goenka or not, it is immaterial. We frustrated that effort. What is important is, we frustrated their effort. They were trying to secure control over Balmer Lawrie

by making a proposal to Government that whatever shares we possess we should sell them.

SHRI JYOTIRMOY BOSU : I am coming to the edge of my patience. The whole thing is stinking in Calcutta.

SHRI H. R. GOKHALE : I have got the figures. Why are you impatient? I am dealing with all parts of your question.

What I am pointing out is that when they offered to purchase our shares they offered a price of Rs. 160 per share. Now, we did not want obviously to part with our share, because our idea was to take over their shares and obtain control over the company, but when this question came up, the question was, what is the price. I have got the figures with me. In respect of the Dunca Brothers' shares, the price of Rs. 95 per share was paid, and with respect to equity holding of Balmer Lawrie from Alex Lawrie, Rs. 85 per share was paid. This was done on purely economic considerations after consulting the Department of Company Affairs, and Finance, and I think at some stage even after consultation with the Unit Trust of India.

SHRI INDRAJIT GUPTA : What was the market price?

SHRI H. R. GOKHALE : It was lower than this, but in the market, the shares were not available. The shares available were a very small fraction.

SHRI JYOTIRMOY BOSU : Sir, may I submit one thing? I was trying to catch your eye. Do not refuse this time. It involves Calcutta. I can say something which may be of interest to you and the House. May be it will be embarrassing to the Government.

MR. SPEAKER : But in between his reply, you force yourself a number of times, on him.

SHRI JYOTIRMOY BOSU You just give me one minute to let my steam out I assure you I will be very brief

MR. SPEAKER Kindly keep to your seat

SHRI JYOTIRMOY BOSU Yes, Sir, then you will call me?

MR. SPEAKER Just cool down for a time

SHRI JYOTIRMOY BOSU I am already cooled down Sir

SHRI ATAL BIHARI VAJPAYEL The reply given by the hon. Minister has not allayed our apprehensions. May I know if there is anything in the records to show that the shares were not available in the market and the Government had to pay a higher price in order to secure the shares?

SHRI H. R. GOKHALE As I said, shares were available but they were so insignificant in number that it could not have achieved our objective and that is why we did not buy them.

SHRI DININ BHATTACHARYA What was the market price of that share? He did not reply.

MR. SPEAKER He says they were so insignificant.

SHRI DININ BHATTACHARYA Might be, but what was its actual value? *(Interruption)*

SHRI JYOTIRMOY BOSU Will the hon. Minister kindly tell us if it was not a fact that Balmer Lawrie, because of the heavy losses they had incurred in the last three years on the Bridge and Roof Co., and in other business, they were trying to sell the concern but there was no buyer?

Is it not a fact that the shares had been steadily quoted around Rs. 62, although originally they had a face value of Rs. 200, and there was no buyer? Is it also not a fact that the Government paid over Rs. 90 for a dying concern and paid a premium of 50 per cent on the quoted market price of the company?

MR. SPEAKER You are making a statement. You might put the question straight. *(Interruption)*

SHRI H. R. GOKHALE I have answered the question already. The question is not to take over the shares for the sake of taking them over, and purchasing five shares or 10 shares. What was the objective? The objective was to take over control of the company along with the subsidiaries. This could be achieved only by major holding of the Duncan Brothers and Alex. Lawrie. *(Interruptions)* The point was whether we should take it over or not. By all standards it was a reasonable price. *(Interruptions)*

SHRI JYOTIRMOY BOSU At what price was it quoted in the market? They have paid a premium of fifty per cent on the quoted price and those people had got benefit to the tune of Rs. 6-7 lakhs.

SHRI ATAL BIHARI VAJPAYEE This matter requires a thorough enquiry. They have paid a much higher price. You know the background. I need not mention the names.

SHRI JYOTIRMOY BOSU I have made a certain observation. Let the Minister contradict. The price was quoted continuously around Rs. 66. They have paid Rs. 90 for the same share. That company was incurring heavy losses.

MR. SPEAKER Will you please allow the Minister to answer. You go on speaking and do not allow the Minister to speak.

SHRI H. R. GOKHALE : It is absolutely not true that the purchase of these shares was done with any ulterior considerations. It was on proper economic considerations, for taking over these companies. (*Interruptions*)

MR. SPEAKER : I shall ask the Minister not to answer the question if he is interrupted like this

SHRI H. R. GOKHALE : The point is there were very few shares available in the market and the rate of shares quoted was less than the rate at which it was purchased. A very small percentage of the shares could not have given control at all. Even the share market, there is reason to believe, was manipulated by Goenka Duncan brothers for the reason that they themselves were trying to purchase our shares. They themselves offered to pay Rs. 160 or so and we offered Rs. 95. Their attempts were frustrated and we said that we should take control by buying the shares. How the share values are manipulated is well-known to the hon. Member.

SHRI DINFN BHATTACHARYYA : He has not so far replied what was the market value.

SHRI JYOTIRMOY BOSU : My question is specific. What was the quoted market price and at what price they bought the shares?

SHRI H. R. GOKHALE : I gave all the figures. Is there any point in repeating the same thing?

MR. SPEAKER : He repeats the question. The hon. Minister did reply to that question. If he repeats the question, the hon. Minister will repeat his answer till the question hour is over

SHRI JYOTIRMOY BOSU : He has not given the quoted market price.

SHRI H. R. GOKHALE : I should tell you, as I said earlier, that there were few shares available in the market and their price was less than Rs. 95, which we paid.

SHRI JYOTIRMOY BOSU : What was the price?

MR. SPEAKER : Why do you not have a little patience? You ask a question and do not allow him to reply

MR. H. R. GOKHALE : The exact quotations fluctuate. If the member desires, I will give this information to him

SHRI JYOTIRMOY BOSU : rose-

MR. SPEAKER : You have monopolised most of the time. He says he has not got the information and he will supply it.

SHRI PILOO MODY : That is about the market price. About the sale price, he should know exactly. That is not subject to market fluctuation.

SHRI H. R. GOKHALE : The price of shares which were available in the market—a few of them—was lower than the price we paid. The price we paid was Rs. 95 to Duncan Brothers and Rs. 85 to Alex Lawrie. As I said, even Duncan Brothers were prepared to buy the shares at Rs. 160 whereas we paid them 85 and Rs. 95. The exact quotation in the market was lower than this price.

SHRI INDRAJIT GUPTA : On the basis of the figures which the minister has himself just now given, I want to know if it is true that Duncan Brothers valued these shares so highly that they were prepared to offer Rs. 160 per share to acquire even the shares which the Government had, how does the minister explain this

that ultimately they were willing to part with their shares to Government for Rs. 85 and Rs. 95 only ?

SHRI JYOTIRMOY BOSU : It is a cock and bull story.

SHRI H. R. GOKHALE : Considerable time passed between that offer and this transaction. When they realised they were not in a position to succeed in their endeavour to take over this company and we stood firm that we will take it over, they gave away the shares.

Amenities to Indian P. O. Ws. in Pakistan

*88. **SHRI NIHAR LASKAR :**

SHRI VEKARIA :

Will the **MINISTER OF DEFENCE** be pleased to state :

(a) whether the Indian P. O. Ws. in Pakistan are as comfortable as the Pak P. O. Ws. in India ;

(b) whether the Government have made any enquiry in this regard ; and

(c) if so, with what results ?

THE MINISTER OF STATE (DEFENCE PRODUCTION) IN THE MINISTRY OF DEFENCE (SHRI VIDYA CHARAN SHUKLA) : (a) to (c). According to the reports received from the International Committee of Red Cross, the Indian prisoners of war in Pakistan are being treated in accordance with the relevant provisions of the Geneva Convention governing the treatment of prisoners of war. Several enquiries were made by Government in response to which the above has been confirmed by the International Committee of Red Cross.

SHRI NIHAR LASKAR : May I know whether the relations of the Indian prisoners of war in Pakistan are getting any communications from those prisoners?

SHRI VIDYA CHARAN SHUKLA : Yes, Sir. The mail received from the Indian prisoners of war in Pakistan a regularly delivered to their relations in India. Similarly, mails of the Pakistani prisoners of war in India are also transmitted to Pakistan.

श्री अटल बिहारी वाजपेयी : क्या यह सच है कि प्रायः इंडिया रेडियों को हमारे पास पाकिस्तानी युद्ध-बन्दी हैं उनके सन्देश पाकिस्तान में उनके घर वालों को प्रसारित कर रहा है और यह बना रहा है कि वे यहाँ ठीक तरह से रखे गये हैं। मैं जानना चाहता हूँ कि क्या इस तरह के प्रसारण पाकिस्तान रेडियों से भी हो रहे हैं ?

श्री विद्याचरण शुक्ल : इसके बारे में हम लोगों ने पता लगाया था। यह बताया गया है कि यहाँ पाकिस्तान रेडियों से भी प्रसारण होते हैं यहाँ उन्हें यह सन्देश दिये जाते हैं। लेकिन जिस प्रकार का प्रसारण हम करते हैं सन्देशों का उस प्रकार का प्रसारण वे करते हैं या नहीं इसके बारे में सूचना नहीं है। सूचना एकत्र करके सभा पटल पर मैं रख दूँगा।

श्री अटल बिहारी वाजपेयी : नहीं कर रहे हैं।

श्री विद्याचरण शुक्ल : पता लगा लूँगा।

SHRI BIRENDER SINGH RAO : May I know whether any Indian army personnel who were taken prisoners before the December war from the border areas are still in custody of Pakistan? If so, have the government taken any steps to see that they are also treated on par with the prisoners of war?

SHRI VIDYA CHARAN SHUKLA : I am not really sure whether there were any army personnel who were taken prisoners by Pakistan before it launched the aggression on 3rd December. But in case there are, I am quite sure they would be treated as prisoners of war along with the rest of the prisoners who were taken prisoners at the time of the aggression.