

MR. DEPUTY-SPEAKER : Don't make such kind of statement. You put the question. What do you want? What is the question you are putting?

SHRI CHANDRA PRATAP NARAIN SINGH : I am asking the State Minister regarding the external policy of the Government of India on imposing sanctions on South Africa. They are dependent on imports from South Africa. So, if the Indian Government supplies them things like rations—they import rice, wheat, spices, "daals", sarrees, etc.—it would help in what we are talking as far as our External Affairs policy goes.

SHRI EDUARDO FALEIRO : Sir, as the Minister has already mentioned, it depends very much on them to decide what they want to buy from us. They are always open to us. Now, in view of the question specifically raised by the hon. Members, I would like to say that on the question of consumer goods, the consumer goods up to Rs. 1.25 crores are permitted under the Government of India credit of 1986 and they can be used for consumer goods. Apart from that, Sir, the Export-Import Bank of India, that is, the EXIM Bank has so far extended four lines of credit totalling Rs. 20 crores and further, in addition to EXIM Bank line of credit, the Government of India has also extended from time to time the Government credit to Mauritius. So far, four Government credits totalling Rs. 25 crores has been extended to them. This is the position.

Counter Trade by Private Sector

*619. CH. RAM PRAKASH : Will the Minister of COMMERCE be pleased to state :

(a) whether certain conditions have been laid down by Government for promoting the private sector trading houses to enter into counter trade deals ; and

(b) if so, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P.R. DAS MUNSI) : (a) and (b). A statement is given below.

Statement

(a) and (b). Private sector trading houses

are free to enter into counter trade deals in respect of items which they are allowed for import and export under the prevalent Import and Export Policy.

Under para 46 (2) of the new Import and Export Policy for 1988-91, Government may also permit import of canalised items by Trading Houses in order to promote exports, subject to such conditions as may be stipulated by the Ministry of Commerce.

Peerless General Finance and Investment Company Ltd.

*620. KUMARI MAMATA BANERJEE : Will the Minister of FINANCE be pleased to state :

(a) whether a few instances of defalcation of public money by some Directors of the Peerless General Finance and Investment Company Limited have come to the notice of Government ; and

(b) if so, the details in this regard and whether Government propose to conduct a C.B.I. enquiry into these cases of defalcation ?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO) : (a) and (b). A statement is given below.

Statement

Reserve Bank of India has reported that no case of any defalcation of public funds of Peerless General Finance and Investment Company Ltd. (Peerless) by a Director of the company had come to its notice. Income-tax authorities in Calcutta had, however, conducted a search on 15th October, 1987 at the premises of a person, who besides other companies, was a Director of Peerless also. This matter is being investigated by the Income-tax Department and there is no proposal to entrust it to CBI.

KUMARI MAMATA BANERJEE : Sir, it is really very surprising and I do not know why the source of information of Government is so poor. (Interruptions). It is a most important question. You don't interrupt me.

MR. DEPUTY-SPEAKER : Please

don't interrupt.

KUMARI MAMATA BANERJEE : Sir, the Minister has stated in his reply that the Reserve Bank of India has reported that no case of any defalcation of public funds of Peerless General Finance and Investment Company Ltd. by a Director of the Company had come to its notice. But I am giving you the information.

Sir, is it a fact that prior to leaving this Company, one of the Directors of the Board of Directors, ** diverted the Company's funds and invested about Rs. 100 crores in the other companies, namely, M/s. Peerless Drive, Peerless Builders, Peerless Financial Services, Peerless Developers etc. and if so, what step the Government has taken to stop misappropriating the public fund involving Rs. 700 crores which is a contravention to the Reserve Bank rules? And will the Minister freeze all the bank accounts of this Peerless Company and start an inquiry against this Board of Directors who are misusing this public money? Please reply to me, categorically.

MR. DEPUTY-SPEAKER : The name of the Company Director won't go on record.

SHRI NARAYAN CHOUBEY : Don't put my name there

MR. DEPUTY-SPEAKER : I won't put your name, don't worry. Say, 'one of the Directors' and tell like that. Why are you putting his name there?

(Interruptions)

KUMARI MAMATA BANERJEE : What is the reply, Sir?

SHRI S. JAIPAL REDDY : Specially no allegation is implied.

(Interruptions)

MR. DEPUTY-SPEAKER : No, it is dragging the person in. When a person is not here, you cannot drag in his name.

(Interruptions)

PROF. MADHU DANDAVATE : Sir, when Sankaracharya of Puri was referred to,

his name appeared in the press.

MR. DEPUTY-SPEAKER : No, no. When the person is not here, how can you take his name?

SHRI BASUDEB ACHARIA : His name appeared in the newspaper.

MR. DEPUTY-SPEAKER : Name might have appeared, that is there. But when the person is not here to defend himself, you cannot take his name.

(Interruptions)

SHRI EDUARDO FALEIRO : Sir, I can say this for myself, I cannot comment on this allegation. But I can say this much, what the hon. Member has said and similar allegations will be looked into by the Reserve Bank of India. They have informed us that they will conduct a detailed enquiry and they will conduct this enquiry soon.

KUMARI MAMATA BANERJEE : I am not satisfied with the reply of the Minister because I asked categorically, will you freeze the bank accounts of this Peerless General Finance and Investment Company.

You please give a categorical reply because this is most important for us. You are also a public representative like me.

My second supplementary is, whether the Government is taking any steps to merge Peerless Company with LIC by taking over the management to protect the interests of .5 million depositors, field workers and employees. What steps is the Government taking to vacate the stay order given by the hon. High Court?

SHRI EDUARDO FALEIRO : About the stay order, the position is that the Supreme Court has given a verdict in January, 1987, that the schemes run by Peerless were not under the Chit Fund Banning Act, 1978.

As far as the L.I.C. or the Government taking over this company is concerned, now the hon. Member herself is making such allegations that this company is in such a bad position. Would she advise the Government to take it over? *(Interruptions)*.

PROF. MADHU DANDAVATE : You took over the losing Maruti Udyog. You have nationalised it. (*Interruptions*)

KUMARI MAMATA BANERJEE : Why don't you make the appointment of new Board of Directors? They should be changed. (*Interruptions*)

SHRI EDUARDO FALEIRO : There is no intention on the part of the Government to take over this company, at this point of time. (*Interruptions*)

KUMARI MAMATA BANERJEE : Will he not freeze that account? Sir, you please protect me. About 4 000 employees and Rs 700 crores are involved. This kind of Board of Directors is misusing the public fund. Why don't you put a new Board of Directors?

MR. DEPUTY-SPEAKER : That is your statement. Already he has informed you and replied to your question.

SHRI EDUARDO FALEIRO : I have already said it. The hon. Member is an hon. Member of this House and I have highest regard for her as well as for other Members of the House. They have made certain allegations. On the basis of allegations, we cannot freeze the account, just because allegations are made. What I am assuring the House is that the Reserve Bank of India will have a detailed enquiry into all these things, and then we will decide. (*Interruptions*)

SHRI BASUDEB ACHARIA : The allegation is against some Directors of the Company and not against the Company. There are about Rs. 800 crores of public money in this company and this money can be utilised by the Government.

About nationalisation or merger with the Life Insurance Corporation of India, this issue was raised in this House a number of times by various Members from this side and that side. In view of this, in order to utilise such huge amounts of Rs. 800 crores, whether the Government will consider—because the assurance was also given by the Prime Minister himself that the nationalisation or merger with the Life Insurance Corporation will be considered by the Government. The case was pending with the Calcutta High Court and the Calcutta

High Court had pronounced judgement that this Peerless Company does not come under the Chit Fund Banning Act. In view of this, I would like to know whether the Government will consider or think afresh to nationalise this Peerless Company or to merge with LIC.

SHRI EDUARDO FALEIRO : It is true what the hon. Member said that in the past there have been demands for nationalising the Company. A single Judge of Calcutta High Court had held that the activities of the Company came under the provisions of the Price, Fees and Money Circulation Schemes Standing Act, 1978. This Act created a sense of uncertainty specially among the employees and field agents of the Company. There were demands for nationalising and taking over the Company. These demands were mostly from the employees and field agents. However, this position underwent a change when the Supreme Court finally gave the verdict in January, 1987 that the Schemes run by the Peerless were not hit by the Standing Act, 1978. The present position I will reiterate, with all respect to the hon. Member, is that the Government has no intention at this point of time of nationalising the Company.

PROF. N.G. RANGA : Why?

SHRI ATISH CHANDRA SINHA : I would like to point out that in view of the fact that there is a great possibility of the present Board of Directors defalcating money, many of our MPs have been successful in convincing the Company Law Board and the Government to instal four Directors from the Company Law Board on the Board of Directors of this Company who can supervise the affairs of the Company so that the Directors cannot defalcate the money. I understand that the Company has gone to the Calcutta High Court and has obtained stay order against this Company Law Board's Order of putting four Directors there. I would request the hon. Minister to let us know what is the position and how much effort the Government is contemplating to get that order vacated so that the four Directors from the Company Law Board can sit there in the Board of Directors to prevent mismanagement that the Company is going through at the moment.

SHRI EDUARDO FALEIRO : I do not have immediate information at this moment.

I will let the Member know. I will collect the information and let the Member know.

SHRI PIYUS TIRAKY : I would like to know whether it is a fact that the Government has appointed one West Bengal MP to investigate into the defalcation case of the Peerless Company. It so happened that one of the Directors is his son. Is it a fact or not that one MP is appointed to investigate and submit the report to the Government? If so, what is the result?

SHRI EDUARDO FALEIRO : I have no information to this effect and I do not think it is correct because it is not the procedure to ask MPs to submit a report to the Government. I can make a definite statement that no M.P. has been appointed to investigate into the matter.

Regarding what I have said earlier in reply to the supplementary, Government initiated steps to nominate Directors on the Board of Peerless Company with a view to protect the interests of the depositors. The Company Law Board and the Government had appointed four Government Directors on the Board of the Peerless Company under the provisions of Section 408 of the Companies Act, 1956. The Company, however, obtained a stay order from the Calcutta High Court. The Department of Company Affairs is taking action to get the stay vacated.

SHRI THAMPAN THOMAS : The Peerless is only one example. Like Peerless, there is Aditya Financiers in which, in the same way, huge funds are involved. I asked that question and you gave the answer. There is Janapriya. There are many private companies coming under moneylender's licence and they are amassing wealth from the poor people and one fine morning they disappear. This has very seriously affected our economic system in this country. I would like to ask you whether you have conducted any serious study about it and whether you have started confiscating these huge amounts in such cheating cases and applied any quick stringent law provisions and taken any measures in this regard. Will you bring to the notice of this House what steps you have taken in this regard and do you propose to take any serious action in such matters after making a survey and thus save the poor depositors. For example, there is Sachaita Savings which is a private party in Delhi.

Crores of rupees are involved. As far as Aditya Financiers are concerned, crores of rupees are involved. Regarding Janapriya, crores of rupees are involved. What the Government is going to do as far as these things are concerned? Is the Government taking these matters seriously? Peerless is only one example.

SHRI EDUARDO FALEIRO : We will consider this point. I think it is a well-taken point.

Credit from Hungary

*621. †**SHRI V. KRISHNA RAO :**

SHRI S.M. GURADDI :

Will the Minister of FINANCE be pleased to state :

(a) whether Hungary has offered a credit of \$ 200 million and is keen to participate in the development programmes of India ;

(b) if so, whether credit offers were made by the Hungarian Foreign Minister who recently visited India ; and

(c) the projects on which Hungary has agreed to help ?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO) : (a) Yes, Sir. Government of Hungary have offered a mixed line of credit of US \$ 200 million comprising US \$ 150 million as Government-to-Government Credit and US \$ 50 million as Suppliers Credit for import of machinery and equipments.

(b) The Hungarian Foreign Minister during his visit to Delhi in February/March 1988, reiterated the above offer of the Hungarian Government for the credit.

(c) The Hungarian Government has shown its keen interest for financing supply of machinery and equipments for Thermal Power Station Projects of Neyveli Lignite Corporation. This will be taken into account at the time of taking an investment decision on the above project.

SHRI V. KRISHNA RAO : Sir, I would like to know whether the Government of India signed the agreement and if so the