

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION NO. 1584 TO BE ANSWERED ON 02.07.2019

VIOLATION OF IFFCO BY-LAWS

1584. SHRI P.K. KUNHALIKUTTY:

Will the Minister of **CHEMICALS AND FERTILIZERS** be pleased to state?

- (a) Whether repatriation of Government equity by Indian Farmers Fertilizers Cooperative Limited (IFFCO) was a case of violation of the IFFCO by-laws and MSCS Act, 2002;
- (b) if so, the steps being taken to reclaim the equity of IFFCO by the Government by amending the MSCS Act, 2002;
- (c) whether there has been a catena of corruption complaints against IFFCO and its management during the last few years; and
- (d) if so, the details of complaints of corruption, irregularities and favoritisms received by the Government and the status thereof along with the action taken by various agencies on each complaint, complaint-wise?

ANSWER

MINISTER OF CHEMICALS AND FERTILIZERS.

(D. V. SADANANDA GOWDA)

(a): Yes, Sir. Repatriation of Government equity by Indian Farmers Fertilizers Cooperative Limited (IFFCO) was a case of violation of the IFFCO by-laws and MSCS Act, 2002 as it was done as per amended bye-laws of IFFCO, which were illegally & unlawfully amended without following the laid down procedure of the then bye-laws of IFFCO.

(b): Department of Fertilizers filed an appeal before the Appellate Authority on 04.08.2017 under Section 99 of the Multi State Co-operative Societies (MSCS) Act, 2002 against the illegal amendment of bye-laws by IFFCO and the subsequent registration of the same by the then Central Registrar on 26.12.2002. The then Appellate Authority & Additional Secretary vide its order dated 28.06.2018 dismissed the appeal filed by Department of Fertilizers stating that under the provision of the MSCS Act, 2002 and MSCS Rules, 2002, the appeal was found to be inadmissible and non-maintainable.

This Department further filed review petition on 06.08.2018 against the order dated 28.06.2018 of the then Appellate Authority & Additional Secretary. After a series of hearings, the then Appellant Authority & Additional Secretary, Department of Agriculture Cooperation and Farmers' Welfare (DAC&FW) passed an order on 29.09.2018 in favour of Government of India. Aggrieved by this order, IFFCO filed a writ petition no. 10637/2018 in the High Court of Delhi on 04.10.2018. Hon'ble High Court of Delhi vide its order dated 05.10.2018 has stayed the impugned order dated 29.09.2018 issued by the Appellant Authority & Additional Secretary, DAC&FW. Next date of hearing in the case is 26.08.2019.

(c) & (d): Yes, Sir. This Department has received several complaints against IFFCO and its management during the last few years detailed as under:-

1. A complaint dated 01.04.2013 received from Sh. Nishikant Dubey, Hon'ble (LS). The complaint has been referred to CBI vide this Department's letter dated 14.06.2016 for enquiry and to send a report in the matter to this Department.
2. A complaint dated 06.05.2016 received from Sh. Sudish Kumar Tripathi. The complaint has been referred to CBI vide letter dated 05.09.2016 for enquiry and to send a report in the matter to this Department.
3. A complaint dated 15.09.2017 has been received from Global Wellness Foundation. The complaint has been referred to CBI vide this Department's letter dated 21.11.2017 to enquire and furnish a report in the matter to this Department.
4. A complaint dated 'NIL' of Sh. Kul Bhushan Rai Chuchra has been received from CVC vide OM dated 16.06.2017. The complaint has been referred to CBI vide this Department's letter dated 01.05.2018 to enquire and furnish a report in the matter to this Department.
5. A complaint dated 27.04.2017 has been received from Sh. C.B. Katiha. The complaint has been referred to CBI vide this Department's letter dated 14.09.2017 for enquiry and to send a report in the matter to this Department.

In all above mentioned cases, CBI has been requested for enquiry and to send reports in these matters.

Gist of the above complaints is as follows: -

The complaints mentioned above mainly alleged gross mismanagement of funds along with siphoning off money and fabricated balance sheet by IFFCO, wrong disclosures in violation of established accounting practices and misleading the stakeholders especially the banks by IFFCO, manipulation of Multi-State Co-operative Act and further manipulating bye laws of society and illegal repatriation of Government equity by IFFCO Board, regular money laundering process adopted by U.S. Awasthi, MD, his sons, his relatives and his friends associated with IFFCO, illegal and unlawful method adopted by U.S. Awasthi to grab the guest house and posh bungalow, subsidy frauds by U.S. Awasthi, MD IFFCO by opening Kisan International Trading, earning huge illegal commission in imports of raw materials and finished fertilizer thereby creating huge loss to society, illegally extending his term of superannuation beyond the age of 65 years, increasing remuneration to MD Sh. US Awasthi and other functional directors, seeking favours from political parties by extending donations in a camouflaged way in violations of MSCS Act, deviation from cooperative law by IFFCO Board i.e. not appointing women director or SC director in IFFCO Board and appointment of 30 directors in board of directors, defrauding the government by manipulating sales and claiming higher subsidy, illegally inducting his kith and kin on suitable posts in IFFCO by MD, IFFCO and misusing resources and facility of IFFCO.