RAJYA SABHA

.Friday, the 5th May, 1978/the 15th Vaisakha, 1900 (Saka)

The House met at eleven of the Clock. Mr. Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

Steel Transactions in I1SCO

•241. SHRI JAHARLAL BANERJEE:

SHRI KALYAN ROY:!

SHRI BIR CHANDRA DEB BURMAN:

Will the Minister of STEEL AND MINES be pleased to refer to the reply to Starred Question 113 given in the Rajya Sabha on the 24th February, 1978 and state:

(a) whether the note, dated the 14th October, 1977. by the Internal Auditor of the IISCO regarding dubious transactions in steel in total disregard of established procedures and other serious malpractices favouring private traders and functioning of the Calcutta Stockyard has been examined in detail by the Board of Directors:

(to) if so, what are the findings thereof;

(c) if the reply to part (a) above be in the negative, what are the reasons thereof:

(d) what are the names of the officers who are involved in these transactions as pointed out by the Internal Auditors;

(e) what action has been taken against them:

(f) whether Government propose 1o hand over the case to CBI; and

(g) if not, what are the reasons therefor?

†The question was actually asked on the floor of the House by Shri Kalyan Roy. 339 RS—1

THE MINISTER OF STEEL AND MINES (SHRI BIJU PATNAIK): (a) to (c) The Board of Directors of IISCO considered the points raised by the Internal Auditor at its meeting held on the 14th March, 1978 and desired to have further details and comments of the management so as to lie it to take decision on the various points. The matter is expected to come up again before the Board at its next meeting, which I am told is going to be held this month.

(d) The names of the officers are:

(1) Shri R. Bahadur, Deputy Chief Sales Manager.

(2) Shri A. B. Kasbekar, erstwhile Branch Manager, Calcutta. He has since resigned.

(3) Shri S. K Benerjee, Assistant Branch Manager.

(4) Shri N. K. Basu, Branch Accountant.

(5) Shri A. K. Roy, an official of Calcutta Branch.

(e) and (f) These issues will arise only after the Board has taken final decision in the matter.

(g) Does not arise.

SHRI KALYAN ROY: Sir, the management of IISCO was taken over by the Government in July, 1972 because production at the Burnpur steel plant almost came to a grinding halt because of rampant corruption and loot by officers in collusion with the contractors and the traders and because of gross mis-management resulting in utter bankruptcy of administration. After the take-over, unfortunately, tba previous regime did not try to eliminate the vested interests, that means, the contractors and the traders and the officers, and they continued to rule over the entire Burnpur complex. Production has gone down. An amount of Rs. 43 crores which was allocated for rehabilitation is also going into absolute mess. I do not know if Mr.

Patnaik is aware of this. Unfortunately, the fact is that after Mr. Patnaik has taken over, the situation has further deteriorated, and those contractors who were getting Rs. 140 lakhs are now getting Rs. 3 crores. And how many contractors are there? Thirty-six contractors employing 500 workers. The allegations here are most serious. You have seen them. Steel is going to the traders through the back door; between 1976 and 1977, the stockyard bypassed or neglected several demands for steel from companies like Hindustan Steel, Engineers (India). Lmited and favoured many private traders; in many dealings with traders, profits or losses on such deals are not shown and there are instances where allotments have been made against chits to all and sundry. As a result of this, IISCO today is losing near Rs. 40 crores per year. So. I would like to know from Mr. Patnaik: When investigations and the audit report of the company have made such serious observations what is the din culty in removing these people from tne company, in suspending them, as you do in the case of workmen, because they are prejudicing the interest of the company? This is my first question.

SHRI BIJU PATNAIK; That is your first question?

MR. CHAIRMAN: He will go on.

SHRI BIJU PATNAIK: He has put question after question. Sir, I would like to inform Mr. Kalyan Roy—1 think he knows it very well.—that these irregularities of payment at the Calcutta Branch are for the accounting year 1976-77, that is before my arrival on the scene, and we have taken steps. It is only fit and proper that we place before the Board of Directors all the material; they will take the necessary steps. I do not wish to jump a decentralised organisation about which the House always wants me to assure it that the Ministry will not interfere with any decentralised organisation. Besides that, CBI investigations have been completed or are going to be completed in the case of Mr. Kasbekar and one Mr. Vinod Chaudry who belonged to the organisation, Delhi Branch. So, this Government is quite conscious of the irregularities committed by the Calcutta branch and we will take all the necessary steps according to law.

MR. CHAIRMAN: Mr. Kalyan Roy, second supplementary. Dont ask for clarifications. Then it will never end.

SHRI KALYAN ROY: Sir. I have just started. .. .

MR. CHAIRMAN: If you start....

SHRI KALYAN ROY; I am only submitting that what he replied shows not concern but collusion. How is it that when such grave charges have been framed, the officers have been allowed to resign and go away, when the cases were sent to the CBI? What is the CBI report? And is it not a fact that these officers, placed as they are, are completely whitewashing the inquiry and ultimately they will be able to mislead the whole thing and IISCO's losses will mount up? In view of this I would like to know why they have been allowed to resign and why you were refusing to suspend them when a prima facie case has been found, the CBI had taken it over and they are polluting the atmosphere?

SHRI BIJU PATNAIK: Sir, I have already answered the question—the necessary steps and what the CBI has done. And the CBI will carry on its job. One fellow has resigned and nobody can stop anybody from resigning in a free country like ours.

SHRI KALYAN ROY: Why....

SHRI BIJU PATNAIK: I can't understand. Mr. Kalyan Roy must know that anybody can resign.

SHRI KALYAN ROY; No. he can-not resign.

SHRI BIJU PATNAIK: Even Shri Kalyan Roy can resign from Parliament.

SHRI KALYAN ROY: You cannot..

SHRI BIJU PATNAIK: If there is an impartial situation, Sir I am very sorry, I cannot. ..

MR. CHAIRMAN-. You know each other very well.

SHRI BIJU PATNAIK: He used to have a dictatorship whereas this is a democratic Government.

MR CHAIRMAN: Mr. Burman.

SHRI KALYAN ROY: He did not explain, Sir. I have asked when it was sent to the CBI and why they have been allowed to resign. Let him come prepared at least once in life.

SHRI BIJU PATNAIK; Sir, both Shri Kasbekar and Shri Vinod Chau-dry have since submitted their resignations from the service of the company which have been accepted.

SHRI KALYAN ROY: After the inquiry had started.

SHRI BIJU PATNAIK: According "to the CBI, field investigation against Shri Vinod Chaudry has been completed. The report is now to be finalised after discussions and consultations with the Law Officer. This would take about a fortnight. In the case against Shri Kasbekar, it may take another month or two before the case is finalised. And as I said earlier, in the meantime both of them have resigned from service. So, I am quite well up with my homework but I did not want to waste the time of the House because Mr. Chairman had allowed only three minutes to answer.

SHRT LAKSHMANA MAHAPATRO: Sir, being very conscious of the fact that the audit relates to the accounting year 1976-77, I have put this question. This is stated in the reply that he gave to Starred Question No. 113 on 24th February, 1978 in relation t0 part (iv):

> "In many dealings with traders and recording profit or loss on such deals, the column for recording market prices was not filled up but adjustment for profit and loss had been done."

Sir, in the IISCO, at least in the Calcutta branch, we had pointed out that on particular occasions when the prices were to be changed, there were sales reported to have taken place to the extent of more than what the stockyard can contain on a particular day. So we wanted to know how these things were allowed to happen and, therefore, you will see that the whole thrust of the question is to see that these things do not recur and particular persons who are responsible for this are given exemplary puni-hment so that it does not occur in other branches. Therefore, we are interested to know what has happened all these days about doing one little thing at least, that is, to suspend them immediately after it was known.

MR. CHAIRMAN: He has said that they have resigned. What can he do?

SHRI LAKSHMANA MAHAPATRO: They have resigned now!

MR. CHAIRMAN: If you want him to suspend them now, how can he do it?

SHRI KALYAN ROY: How can he suspend a worker?

SHRI LAKSHMANA MAHAPATRO: Sir, you hear my question fully.

MR. CHAIRMAN: Why not put the supplementary? You have already spoken.

SHRI LAKSHMANA MAHAPATRO: The question is when you got the report, when you located these

mistakes and you located the persons responsible for them, immediately why didn't you suspend them, why did you allow them to continue for some period?. Ultimately, they resigned and now you take refuge under their resignation. What made you not to suspend them immediately after you got t0 know of these things, when you got the report? And you could have placed it on the Table of the House.

MR. CHAIRMAN: Now please resume your seat.

SHRI BIJU PATNAIK: Sir, the hon. Member should know that it is no use pressurizing the Government to suspend persons who are not Government employees. They are employees of a company set up under an Act of Parliament. Therefore, as I have said earlier, when the Board of Directors gets the final report, it will take the necessary action, not the Government.

SHRI BHUPESH GUPTA: Sir, suddenly we find the hon. Minister has developed sensitivity for autonomy. He says that the Board of Directors will take action.

SHRI BIJU PATNAIK: Decentralisation.

SHRI BHUPESH GUPTA: He says whatever suits him. The position is that you will remember that in this very House, during the Emergency, I think, when Mr. Chandrajit Yadav was the Minister in charge, we brought to the notice of the House the manner in which steel was being disposed of through back door to unauthorised people in order to make money and there was collusion and corruption all along the line. Mr. Chandrajit Yadav gave an assurance then that the matter would be investigated. Then later he reported on the findings and also circulated them to Members of Parliament, saying that these are the charges and the allegations. Now this kind of thing has been going on for a long time. This kind of sale is illegal, irregular and it is just a swindle and thuggery. In view of this, I would like to know whether the Government is pursuing the matter, not merely in respect of two or three persons he has just named but with regard to all others who had been involved in such transactions resulting in heavy losses. There are other such irregularities, as I call them or there is corruption, as reported in the Press, which is going on in HSCO. I would like to know whether all these have been examined as a part of the general conspiracy by some people there along with the contractors to swindle public money, to sabotage the public sector and to make profits for themselves at the cost of the nation. I should like to know whether the matter has been gone into in that perspective with a view to dealing with the problem posed by the swindle in IISCO.

SHRI BIJU PATNAIK: I can assure hon. Shri Bhupesh Gupta that the Government has given the necessary directive to the company to take all steps to prevent such irregularities.

SHRl N. G. RANGA: In the light of what my hon. friend, the hon. Minister, has himself said, is it not possible for the Government to give advice and also direction to this company as well as to similar state-owned, state-managed and state-organised companies, to avoid these mistakes and take immediate action by way of suspension, etc., as soon as they come to know, of such discrepancies, misbehaviour and mischief?

SHRI BIJU PATNAIK: In view of what I just now mentioned, I can only reaffirm to Shri Ranga that all public sector companies under my Ministry have not only been advised but also directions have gtone to them to take expeditious steps where irregularities have been found and to-correct them and to punish the incumbents concerned.

SHRI SURENDRA MOHANTY: What is the position of the Government vis-a-vis the Board of Directors? Even if somebody has resigned, can he escape the provisions of law, if, as a result of the follow-up action, he is found guilty?

SHRI BIJU PATNAIK: No, Sir. Whether he has resigned or not, whether he is under suspension or not, no incumbent can avoid the provisions of the law.

व्यापारिक सौदों के सम्बन्ध में राज्य सरकारों द्वारा विदेशों के साथ सीधी बातचीत

*242. **श्री श्यामलाल यादव :**

श्री रामानन्द यादव :†

क्या विदेश मन्त्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि हाल में पश्चिमी बंगाल के उद्योग मन्त्री व्यापारिक सौदो के सम्बन्ध में सीधी बातचीत करने के लिए विदेश गए हैं ;

(ख) यदि हां, तो क्या इस सम्बन्ध में केन्द्रीय सरकार की अनुमति प्राप्त की गई थी ; और

(ग) क्या सरकार अन्य राज्य सरकारों को भी व्यापारिक सौदों के सम्बन्ध में सीधी बातचीत करने की अनुमति देने के प्रस्ताव पर विचार कर रही है ?

†[State Governments' direct talks with foreign countries for trade deals

*242. SHRI SHYAM LAL YADAV:

SHRI RAMANAND YADAV:!

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether it is a fact that the Minister of Industry of West Bengal has recently gone abroad for holding direct negotiations for trade deals;

(b) if so, whether the Central Government's permission was obtained in this regard; and

(c) whether ther,e is any proposal under Government's consideration to permit other State Governments also to have direct talks abroad for trade deals?]

THE MINISTER OF EXTERNAL AFFAIRS (SHRI ATAL BIHARI VAJPAYEE): (a) No, Sir. However, the West Bengal Minister of Commerce and Industry did visit some foreign countries to ascertain the possibilities of foreign collaboration for the proposed petro-chemical complex at Haldia, for which the West Bengal Industrial Development Corporation had earlier received a Letter of Intent from the Government of India.

(b) Yes, Sir.

(c) No, Sir.

†[विदेश मंत्री (श्री अटल बिहारी वाजपेयी): (क) जी, नहीं। लेकिन पश्चिम बंगाल के वाणिज्य और उद्योग मन्त्री ने हल्दिया में प्रस्तावित पैट्रो-रसायन कम्प्लेक्स के लिए विदेशी सहयोग की सम्भावनाओं का पता लगाने के उद्देश्य से कुछ देशों की यात्रा की थी, जिसके लिए पश्चिम बंगाल औद्योगिक विकास निगम को भारत सरकार से पहले ही आशय पत्र प्राप्त हो चुका था।

(ख) जी, हां।

(ग) जी, नहीं।]

श्री रामानन्द यादव : यह पहला मौका था जब कि पश्चिम बंगाल की सरकार के व्यापार मन्त्री [illegible] जर्मनी या किसी दूसरे मुल्क के साथ व्यापार वार्ता करने के

†The question was actually asked on the floor of the House by Shri Bamanand Yadav.

†[ ] English translation.

†[ ] Hindi translation.