

Gujarat, on this line and I would like to know how much allocation is there and what steps are taken. But the first question is very important.

DR. G. S. DHILLON : I have nothing to add except that I have mentioned in this House a number of times that the new construction of highways is in abeyance and we are waiting for the time when this bar will be removed. Of course there are a number of highways for Gujarat for inclusion. There are the Ahmedabad-Calcutta, Surat-Bhopal-Indore, Kandla-Bombay, Hyderabad-Ahmedabad, Bhavnagar-Jamnagar, Baroda-Bhopal, Ahmedabad-Kandla routes, about ten of them. They are just pending because of financial constraints. For her satisfaction I may say that before the commencement of the 4th Plan, Gujarat had 1,082 kilometres, and 270 kilometres were added later on. The total length at present is 1,352 kilometres and for the present that should be enough to satisfy her. But when this constraint is removed—of course we are waiting for that period—we will take up all these proposals on a national basis.

SHRIMATI SUMITRA G. KULKARNI : My second supplementary was about the Ahmedabad-Bombay Highway.

DR. G. S. DHILLON : There are ten of them proposed by Gujarat Government.

SHRIMATI SUMITRA G. KULKARNI : Already existing ?

DR. G. S. DHILLON : What is the purpose of asking about a highway which is already existing ?

SHRIMATI SUMITRA G. KULKARNI : On paper it is a highway but it is in utter disrepair. So I would like to know what is happening about repairing it. After all we do not want to destroy our tyres and chasis and incur further expenses. At least this question should be answered, Sir.

DR. G. S. DHILLON : I am trying to find out what she really wants to ask about. I am told this is National Highway No. 8; it is in good condition and some repairs, wherever they are needed, are going on. If she is very particular about this road, I will report to her as soon as the repairs are completed.

Audit of Accounts of IISCO

*368. **SHRI LAKSHMANA MAHAPATRO :**†

SHRI JAGJIT SINGH ANAND :

SHRI BHUPESH GUPTA :

Will the Minister of STEEL AND MINES be pleased to state :

†The question was actually asked on the floor of the House by Shri Lakshmana Mahapatro.

(a) whether the accounts of the Indian Iron and Steel Company for the year 1975-76 have been audited;

(b) if so, whether any irregularities in the accounts have been detected by the audit party; and

(c) if the reply to part (b) above be in the affirmative, what are the details thereof and what are the comments of the audit party thereon ?

THE DEPUTY MINISTER IN THE MINISTRY OF STEEL AND MINES (SHRI SUKHDEV PRASAD) : (a) Yes, Sir.

(b) and (c) A statement is laid on the Table of the House

Statement

(b) and (c) The Auditors have drawn attention to the following main points :—

1. The Assets Register is in arrears in some respects.

2. Provident Fund contribution of Rs. 10 lakhs has not been deposited within the prescribed time.

3. Advances made to an employee (prior to Government take-over in 1972) have not been adjusted so far pending completion of legal proceedings.

The Company is taking necessary action on (1) above. With regard to (2) above, the amount in question has already been deposited. (3) above it *sub-judice*.

The detailed Report of the Auditors is awaited.

SHRI LAKSHMANA MAHAPATRO : From the statement I am astonished to find that some very important irregularities pointed out by the Auditors have not been made mention of. The IISCO, after it was taken over, its affairs are directed by the SAIL but the SAIL has miserably failed because the new pricing policy that was adopted was not for the good of the company but it has opened the flood-gates of corruption and fraud. I shall tell you of many cases which have been pointed out by the audit. It is reported that some top officials in the management of IISCO are in league with selected traders who are reaping huge profits. Production of this unit went up very high. A record production was obtained in the year 1975-76. But, all the same, a loss of Rs. 9 crores was shown. Why is it so ? Then the audit has pointed out that in the Delhi branch, on the 31st of March, 1976, 4000 tonnes were reported to have been sold. Sir, the stockyards of the Delhi branch can handle only 400 tonnes a day. It is strange that they sold 4000 tonnes on that day.

MR. CHAIRMAN : You are stating facts. You will have to put a supplementary.

SHRI LAKSHMANA MAHAPATRO : Sir, what I would like to know is whether it is a fact or not. Calcutta branch is said to have sold 8000 tonnes on the same date, whereas its handling capacity is much low. It is only in some hundreds. How is it possible? There are four questions which the audit has pointed out. One is the unusual nature of sales specially on the eve of the implementation of the new prices. You know, Sir, certain steel items according to the new prices were priced Rs. 500 a tonne more than the old prices and the new prices were to take effect from 31st of March. But, instead of that, IISCO implemented the prices from the 1st of April and on the 31st March all the sales have been shown to be transacted. Eight thousand tonnes were reported to have been sold in Calcutta. This is pointed out by the audit. Is it a fact that the audit party which went into the accounts of the company has pointed that out and has also shown the astonishing fact that when on the 31st of March, 1976, it had Rs. 6 crores cash in hand, it had overdrawn from its banks?

MR. CHAIRMAN : You are taking too much time of the House. What is the question?

SHRI LAKSHMANA MAHAPATRO : Sir, I am putting a question.

MR. CHAIRMAN : That you have to repeat. What is the question?

SHRI LAKSHMANA MAHAPATRO : Sir, I am not repeating. I am putting the second question. It is there in the audit report. Is it a fact that some top officials and also certain traders are reaping huge money while the company is running into losses after the SAIL started directing its affairs?

SHRI CHANDRAJIT YADAV : Certain irregularities were pointed out by the auditors. As has been mentioned, in 1975-76, this company was audited by Ray and Ray, Chartered Accountants, Calcutta, and they pointed out certain irregularities. Now, IISCO have informed us that they are taking steps in the matter. So far as the assets of the company are concerned, those have to be brought on the books. They are taking steps in that matter. The provident fund dues of Rs. 10 lakhs have already been deposited in the month of May. And the auditors have also made an observation : "...that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, proper books of accounts have been kept by the company, as required by law. So far, as appears from our examination of these books and the balance-sheet, the profit and loss accounts of the company are in agreement therewith". Therefore, these are the things which they have point-

ed out. Certain things, however, have been brought to my notice. About the unusually high sales from Calcutta and Delhi stock-yards, I am not aware whether they have pointed it out, but it has been brought to my notice. Honourable Shri Bhupesh Gupta had asked a question already on this and this question was raised in the Lok Sabha also. I have asked the Administrator to make an immediate inquiry into the matter and submit a report to me. If I find a *prima facie* case, further action will be taken. This I can assure the House. And so far as the price enforcement is concerned, it was not to be enforced from 31st of March but from 1st of April. But this unusually high sale took place on the 31st March. Therefore, it creates—it does create—a *prima facie* suspicion. That is why I have asked the Administrator to look into this question and submit a report as soon as possible.

SHRI LAKSHMANA MAHAPATRO : Is it a fact that the earlier policy in regard to sale was to eliminate the middlemen and traders? But why have selected traders been earmarked for selling these items which give them huge profits?

SHRI CHANDRAJIT YADAV : It is not a correct statement that selected traders are earmarked. According to my information, the list contains more than 240 traders. But in this case, as I said, if selected traders were supplied, that portion will be looked into.

SHRI BHUPESH GUPTA : I am glad that the Minister is investigating the matter. But, before that, would he kindly say as to why the recommendation of the Administrative Reforms Commission, also reiterated by the Parliamentary Committee on Public Sector Undertakings in its Report, that—

"No officer of the Ministry should be made Chairman of a public sector undertaking nor the Secretary of the Ministry be included in the Board of Management."

is being flouted in this particular case by keeping Mr. V. K. Dhar, Joint Secretary, as the Administrator and also by including him in the Board of Management? I should also like to know whether it is not a fact that this unusual sale was negotiated in Delhi on a particular day—4000 tonnes of steel were sold—when the daily sale was only of the order of 400 tonnes or so? Now, had there been any investigation? And is it a fact that some of the cheques given by these people who bought the steel have bounced, that is, they have been returned without being cashed? It has been pointed out that nearly Rs. 2½ crores or Rs. 2 crores at least would be the loss. I should also like to know whether the branch manager of Delhi who is very well connected with very high officials is

the Steel Ministry has been responsible for carrying out this transaction suddenly on a particular date as a result of which a selected group of traders were favoured. More or less at the same time, similar things have been done in Calcutta. May I also know whether it is not a fact that a large quantity of steel has been sold in February and March by the Calcutta Stockyard of IISCO to a group of traders as 'defective ribbed bar', the difference in the prices of the two being about Rs. 500/- per tonne, defectives being sold at a lesser price?

Is it not also a fact that there was a contract with a group of traders in Calcutta for a few thousand tonnes of rolling materials, where defective billet was one of the items? If so, may I know whether the works order was issued and the materials sent to Calcutta Branch as 'defective billets' and sold to the same traders and against the same contract as 'billet cuttings' at a lower price?

The whole thing shows that there has been manipulation; that there has been corruption and that there has been collusion between some favoured traders on the one hand and the management on the other, both at Calcutta and Delhi, with the result that some stocks have been sold at a lesser price under false nomenclature and otherwise also, in order to cheat the public. I should like to know whether there will be a proper inquiry into this matter, not merely by the auditors there but otherwise also.

SHRI CHANDRAJIT YADAV : So far as the first question is concerned, the appointment of the Administrator is not against the recommendation of the Parliamentary Committee. The recommendation was that any officer who is in the Ministry should not at the same time hold charge as Chairman or as Managing Director of a company. Mr. V. K. Dhar was Joint Secretary. Now he has been appointed as the Administrator for the whole time. He is no more a Joint Secretary in the Ministry. His headquarters are at Burnpur. He has taken over as Managing Director there. This appointment is separate; it has nothing to do with that. Therefore, I hope that the hon. Member will appreciate that these two should not be mixed up.

About the other things, I have already said that these facts have been brought to my knowledge, and *prima facie*, I myself feel that it was an unusual sale, a very high sale. And that is why I took action immediately. All these questions about those cheques, the high side of the sale, the prices and collusion with traders, will be inquired into. And as soon as I get the report, at whatever level it will be thought proper, action will be taken so that the real facts come to light. This assurance I can give.

SHRI BHUPESH GUPTA : Sir, I am very glad. I will not pursue the matter. Only I will request the hon. Minister to

inform the House of the results of this enquiry. I think in the next Session a statement should be laid on the Table of the House on the results of the enquiry. We have brought it to his notice, believing it to be true, and we have verified it. Anyway we are not experts in this matter. But I hope a statement will be made.

MR. CHAIRMAN : Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

Bus Service from Lampur Border to Central Secretariat

*363. **SHRI M. S. ABDUL KHADER :** Will the Minister of SHIPPING AND TRANSPORT be pleased to state :

(a) whether Government are aware of the inconvenience caused to commuters especially to the Government employees commuting from Lampur Border to the Central Secretariat and Delhi Railway Station on account of inadequate bus service, missed trips, and frequent breakdowns of the DTC buses;

(b) if so, what remedial steps Government have taken in this regard during the last five months;

(c) whether Government have received any communication from a Member of Parliament in this regard, if so, what action Government have taken thereon;

(d) whether it is a fact that the DTC bus service to rural areas is gradually deteriorating and D.T.C. have not evolved any effective scheme to remedy the situation; and

(e) if so, what are the reasons therefor and what action Government propose to take in this regard?

THE MINISTER OF SHIPPING AND TRANSPORT (DR. G. S. DHILLON) :

(a) No direct service has been provided between Lampur Border and Central Secretariat. The service operating from Lampur Border to Railway Station is considered to be adequate by the DTC. The number of trips missed on this route is within reasonable limits.

(b) The Corporation has been making constant endeavour to improve its services on all routes by taking several measures.

(c) Yes. The Honourable Member has suggested that one bus may be operated between Lampur Border and Central Secretariat Complex.

This suggestion has been examined. Delhi Transport Corporation is, however, unable to accept it, as the provision of such desti