

MR. CHAIRMAN : The question is specific and the answer is also specific. You have asked something else. Mr. Khurshed Alain Khan.

SHRI KHUSHED ALAM KHAN : Apart from the rural industrial labour, there is the landless rural labour. They do not have basic facilities like housing, drinking water and medical facilities. What is being done about it?

SHRI K. V. RAGHUNATHA REDDY : Sir, if the hon. Member wants a reply, I can only tell him that I come from a rural area and I know what it is.

MR. CHAIRMAN : Next question.

**Provident Fund of Bala Shoe Company**

•92. SHRI S. G. SARDESAI :

SHRI KALYAN' ROY:†

SHRI BHOLA PRASAD :

Will the Minister of LABOUR be pleased to refer to the reply to Unstarred Question 1160 given in the Rajya Sabha on the 7th March, 1975 and state :

(a) whether it is a fact that the Provident Fund Commissioner in his report has admitted gross irregularities like violations of certain conditions of exemption and loss to the workers on the provident fund contributions in the working of the Bata Shoe Company;

(b) if so, what are the details of the report;

(c) whether the report of the inspection of the Company under Section 209(4) of the Companies Act also pointed out to various irregularities;

(d) if so, what are the details thereof;

(e) when Government had received these two reports;

(f) whether any action has been taken against the management for irregularities

pointed out in these reports; if so, the details thereof; and

(g) if the reply to part (f) above be in the negative, the reasons therefor?

THE MINISTER OF LABOUR (SHRI K. V. RAGHUNATHA REDDY) : (a) and

(b) The Central Provident Fund Commissioner in his report has pointed out that certain conditions of exemption have been violated.

(c) and (d) Irregularities like improper maintenance of accounts, violation of Provident Fund rules, delay in transfer and investment of Provident Fund accumulations, delay in audit of accounts of the Fund and improper constitution of Board of Trustees have been pointed out in the report of inspection of the company carried but under Section 209(4) of the Companies Act, in so far as Employees' Provident Fund is concerned.

(e) The reports from the Central Provident Fund Commissioner and the Department of Company Affairs were received in the Ministry on 3rd September, 1974 and 18th February, 1975, respectively.

(f) and (g) The Provident Fund Authorities are taking action in consultation with the concerned legal adviser. Further investigation has to be done by the Central Provident Fund Commissioner.

SHRI KALYAN ROY : Sir, this is one of the biggest scandals committed by one of the biggest multi-national company, that is, Bata Shoe Company which misappropriated provident fund amount of the workers to the tune of Rs. 10 to 20 crores of rupees in collusion with the Provident Fund Commissioner's office and with the support, unfortunately, of very high officials of the Labour Ministry. Sir, I am very sorry to hear what Mr. Reddy said. This question had been raised in this House since 1971 and every time I have found Mr. Reddy, who is the Labour Minister, replying that this is under investigation. Sir, on 4th May 1973 he said the \*»a. Her is under investigation. There have

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

been all kinds of irregularities that you can think of, not misappropriation, but outright provident fund irregularities, nonpayment of provident fund contributions, non-investment of the money, exclusion of large number of workers, misappropriation of provident fund amounts. Again, Sir, on 23rd November, Mr. Reddy said that the investigation was in progress. On 16th March 1974 Mr. Reddy said that it was under consideration of Central Provident Fund Commissioner. On the 27th April, 1974, Mr. Reddy said that investigation was yet to be completed and Company Affairs report was awaited. Now, Sir, the Company Affairs report was placed before this House on 3rd March 1975 where it was stated that various sections of the Company Act and Income-tax Act had been violated. And lastly, Sir, on 7th March Mr. Reddy said that the Provident Fund authorities have furnished a report after completing necessary investigations and the matter was under further examination and will be finalised as soon as possible. Here is a case of misappropriation of the provident fund money amounting to Rs. 10 to 20 crores. Loot is still going on. My question is, May I know whether any one of the Directors of the Company has been prosecuted so far and whether as per the recommendations of the Provident Fund Committee who stated that there is a prima facie case for cancellation of exemption, has the cancellation been done, has the exemption been cancelled? What action has been taken?

SHRI K. V. RAGHUNATHA REDDY : Sir, I do not want to enter into a controversy . . .

MR. CHAIRMAN : He has placed only the history; you can reply to the last question.

SHRI K. V. RAGHUNATHA REDDY : In respect of dates that he has mentioned, I have nothing to say except that it is correct. The whole point that may be appreciated by Shri Kalyan Roy is this that these reports have been received but whatever action may be called for, must be in conformity with certain procedures and in conformity with the legal advice. On 3rd September, the report of the Provident ]

Fund Commissioner had been received and on 18th February, the Company Affairs report had been received. However much one would like to take very quick action in these matters, these are very complicated matters and if we have to cancel the exemption that had been already given, naturally, under the principles of natural justice we have to see whether a notice has to be given or not. These are matters that will have to be decided upon after taking proper legal advice in these matters otherwise if we take any hasty action in these matters, what would happen is, sometimes the parties concerned may go to a court of law. I do not want that this should lead to litigation. As far as the Ministry is concerned, we will have to be properly advised on various legal questions before we contemplate any action.

SHRI KALYAN ROY : Sir, you must be disappointed as I am. The matter has not started yesterday. The matter is going on for the last 15 years. There has been a deliberate, consistent and determined loot of the workers' provident fund by one of the biggest companies of the country. He said he is still consulting legal officials. What has he been doing so long? I want to know what is the total loss which the workers suffered because of misappropriation and is he going to take any action? I want to know what is the total loss and when his consultation with various lawyers is going to be completed and what action is he going to take against the Board of Directors?

SHRI K. V. RAGHUNATHA REDDY :

Even with regard to the total loss, however much I would like to tell Mr. Kalyan Roy, since there is an opinion expressed that it is only a technical mistake that has been committed—though I do not want to express any opinion on that—we want a further investigation on this point. That is why some delay is taking place. The opinion expressed is, even with regard to some of the entries, they are certain technical mistakes. Whether they are technical mistakes or whether they have been mistakes wilfully made, is the question.

SHRI KALYAN ROY : How much loss has been incurred during the last twenty years?

SHRI K. V. RAGHUNATHA REDDY : The difficulty, Mr. Kalyan Roy, is this If I give any figure or express an opinion, I may be helping the company.

SHRI KALYAN ROY : He did not reply to my second question. When is the legal consultation likely to be finished?

MR. CHAIRMAN : According to the report received^ have you got any figures? Otherwise, you may say that it is not correct and it is not in the report.

SHRI K. V. RAGHUNATHA REDDY : According to the reports received, prima /,,,,, the opinion is they are errors of a technical nature. I may make it very clear that I am not accepting this kind of opinion. I wanted further investigation on certain aspects.

MR. CHAIRMAN : Therefore, you are not in a position to say.

SHRI K. V. RAGHUNATHA REDDY :

I am not in a position to say immediately.

SHRI A. G. KULKARNI : I am really surprised that this question is being raised in this House for the last two years and, as has rightly been pointed out by my colleague, the question is a very serious one to us. Looking to the Minister's performance outside, he is very radical in advocating action against multi-national companies and foreign-owned companies, but when he is in office and at his table in the department. Sir, he is just like a lamb. I do not understand it when Mr. Raghunatha Reddy says that though the report has been received, "he is himself not very happy that the mistake is technical. Here the Member has drawn his attention to it and he has also confirmed that the formation of the trust is fraudulent. Looking into all these aspects, will the Minister assure us that at least before the next Session, action will be initiated and the directors prosecuted? That is the minimum he can do looking to his radical posture outside.

MR. CHAIRMAN : He will attempt it. That is all.

SHRI K. V. RAGHUNATHA REDDY: I do not want to go into the adjectives used by my good friend. We can discuss this question outside the House, not here. Why I am feeling somewhat hesitant to say categorically about certain matters is this. There were two points viz., prior to the enforcement of the law on provident fund and after the Provident Fund Act came into force. Some third party has been constituted to look into the transference of the previous amounts. That is what they say. There are some technical mistakes committed by them in the transference of the amounts. Whether it is a technical mistake or a wilful mistake, I am not able to express an opinion. If I express an opinion now, it may go one way or the other. I do not want to take the risk of expressing an opinion, where accounts are involved and balance-sheets are involved. The matters relate to nearly twenty years from 1956. It is true that Mr. Kalyan Roy had drawn my attention to this in March, 1975. After this, we have taken necessary action for the purpose of getting this company inspected and the reports are available. After going through these reports and after getting proper legal advice, it will be gone into. I cannot immediately give a time-limit, though I would like to say that at least within a period of two or three months we may be in a position perhaps to arrive at a decision.

SHRI N. H. KUMBHARE : Sir, there has been inordinate delay in initiating action against the management of Bata Shoe Company. Now the moment the Provident Fund Act is violated, the management becomes liable for action under the Provident Fund Act. We would like to know whether there was really any problem to deal with the employer for lapse on their part of contravention of the Act. We would like to know whether any action has been taken under the Provident Fund Act according to which the employer also becomes liable for contravention of the provident fund amount.

SHRI K. V. RAGHUNATHA REDDY :

It is not a question of explaining what the provisions of the Act are, which provisions deal with prosecution. The hon'ble Member is a very learned lawyer and he knows what the provisions of the Act are. The only

question is whether any action was taken for the purpose of launching prosecution for the violation. Now the first thing is whether there was a violation before we launch a prosecution. A procedure will have to be followed and there is a process of investigation with regard to this.

**डा० लोकेश चन्द्र :** मंत्री महोदय ने कहा कि यह प्रश्न 15 वर्ष से चल रहा है । तीन वर्ष के बाद तो शासन के जो दायें होते हैं वे समाप्त हो जाते हैं ।

मेरा मंत्री महोदय को सुझाव है कि वे तुरन्त कार्रवाई करें जिससे काल-तिरोहित होने की स्थिति न आए ।

**SHRI K. V. RAGHUNATHA REDDY :** I do not think that the facts which have been alleged are correct. It would not be a mere offence under the Provident Fund Act, but it would be also an offence under the Indian Penal Code. I am not aware of the law of limitation as far as the Criminal Procedure Code is concerned.

**SHRI G. LAKSHMANAN :** Sir, I am

going to suggest a new name for our Labour Minister. When a poor man commits a mistake or misappropriates some amount, immediately he is handed over to the police. But when a capitalist or industrialist commits a mistake or misappropriates an amount, the Minister defends him. Therefore, will the Minister consider the name of the Labour Minister being changed to Minister for Capitalists and Vested Interests. There should not be a Labour Minister in this country because he is not in favour of labour. Therefore, will he consider and change his name to the Minister for Capitalists and Vested Interests. **SHRI K. V. RAGHUNATHA REDDY :** I do not have any serious objection if they set such precedents with Tamil Nadu.

**भारत और पाकिस्तान के प्रधान मंत्रियों के बीच पत्र व्यवहार**

**\*93. श्री राजनारायण :** क्या विदेश मंत्री यह बताने की कृपा करेंगे कि :

(क) पाकिस्तान के प्रधान मंत्री श्री भुट्टो के 25 फरवरी, 1975 के पत्र के उत्तर में 25 मार्च, 1975 को प्रधान मंत्री ने जो पत्र लिखा था उसमें किन विषयों का उल्लेख किया गया था; और

(ख) क्या सरकार इन पत्रों की प्रतियां सभा पटल पर रखेगी ?

**[Letter exchanged between Prime Ministers in India and Pakistan]**

\*93. **SHRI RAJNARAIN:** Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) what are the subjects covered in the letter dated the 25th March, 1975 written by the Prime Minister in reply to a letter from the Pakistan's Prime Minister Mr. Bhutto on the 25th February, 1975; and

(b) whether Government will place copies of these letters on the Table of the House?]

[THE DEPUTY MINISTER IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI MPINPAL DAS): (a) and (b) A statement is laid on the Table of the House.]

#### Statement

It will not be desirable to release Prime Minister's letter of 20th March and Pakistan Prime Minister's letter of 25th February, without clearing this with the Government of Pakistan. However, in substance, Prime Minister stated in her letter of 20th March that we welcomed Pakistan's assurance that Pakistan continued to look on the Simla Agreement as the basis for developing good neighbourly relations between the two countries. Further that we felt strongly that the Simla process should not be impeded, much less suffer a setback. In this context, the invitation to the Pakistan Government to send a delegation for talks on civil aviation and other matters was reiterated. However, Prime Minister expressed the hope that in the meanwhile, the atmosphere would be made conducive for constructive talks.