

**Complaint against Pearl Cycle Industries Ltd.**

\*383. SHRI SANAT KUMAR RAHA :  
SHRI JAGJIT SINGH  
ANAND :†  
SHRI B. D. BARMAN :  
DR. Z. A. AHMAD :  
SHRI BHUPESH GUPTA :

Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to refer to the answer to the Unstarred Question No. 447 given in the Rajya Sabha on the 29th July, 1974 and state:

(a) whether the Registrar of Companies has since completed his enquiries into allegations against the Pearl Cycle Industries Ltd., New Delhi;

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

(c) if the answer to part (a) above be in the negative, the reasons for the delay;

(d) what is the location of the registered office of the company; and

(e) what action Government have taken to ensure the safe custody of Company's accounts books and records?

THE DEPUTY MINISTER IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI BEDABRATA BARUA): (a) No, Sir.

(b) Does not arise.

(c) The company is not functioning as the Registered Office and its directors could not be traced. The Registrar of Companies has referred the matter to the police for ascertaining the whereabouts.

(d) The registered office of the company, according to official records, is at No. 6, Cooperative House Building Society, N.D.S.E., Part-I, New Delhi.

(e) The Government has no power under the Companies Act to take into custody

†The question was actually asked on the floor of the House by Shri Jagjit Singh Anand.

the books of accounts. This can be done only by the Registrar of Companies under Section 234A of the Act. For the reasons indicated at (c), no effective action could be taken.

SHRI J. S. ANAND : Is it a fact that the company's registered office has entirely vanished into thin air and the company's directors are also not traceable? The addresses are quite old and the address-sees have left those places long ago. Secondly, is it a fact that some people interested on behalf of the company are trying to get the company declared defunct so that they can go scot-free? Will the company take any action through the Registrar of Companies for getting the company into liquidation so that everything can be gone into and such a big fraud committed on the public does not escape?

SHRI BEDABRATA BARUA : It is true that the company is not functioning at the registered office at present and the directors are also not traceable. That is the position. It is not that we have not taken any action. Only in relation to that particular question we have stated that though certain complaints were made and we have not been able to take action on those complaints. In fact, one of the creditors of the company, the Mercantile Bank, had gone to the court. The court gave decree in favour of the company. Receiver has been appointed for the custody of the moveable and immoveable properties of the company. Therefore, the question of liquidation need not be simultaneously taken up. It is true that the company's position is fairly bad. We had understood it even as far back as 1964 when we seized the records of the company in August, 1964. The investigation was ordered on the basis of the records. The matter was referred to the C.B.I. who proceeded into it. On the basis of the offences that were found all these people were convicted. The position of the company continues to be very bad and we are doing whatever is possible under the law.

SHRI J. S. ANAND : Is it a fact that a representation was sent to Shri K. R.

Ganesh who was in charge of the Department then by Shri Satyapal Dang, M.L.A., Leader of the Congress Group in the Punjab Assembly on the 19th July. A question was asked by me on the 29th July. I made representation to Shri Pranab Kumar Mukherjee, successor of Mr. K. R. Ganesh on the 12th November. All this remains unreplyed so far despite the fact that this company has withheld all the wages of the workers for over 10-11 months, has not paid any income-tax to the government for over 12 years. The long memorandum enclosing the complaints makes horrible reading. Will the Minister again ensure that on some pretext the company will not get itself declared defunct and escape all the punishment?

**SHRI BEDABRATA BARUA :** So far as the punishment side is concerned, we have already gone to the court on the basis of investigation. The court also convicted them, as I have already said. We have also received Mr. Dang's complaint. It is only last year that we were not able to locate the company. If the hon'ble Member helps us to locate the accounts of the company where they are, we will be grateful. The Registrar is already taking the help of the police to locate the company and to do other things that are necessary.

So far as the accounts are concerned, even as far back as December, 1961 the assets of the company were more or less eroded by losses. Except what is there in the investigation report we have nothing else. It is true that the assets are now in the hands of the Receiver. I do not know whether the Receiver has been able to take custody of all the company's property or not. The company has already been closed down and the assets are likely to be sold on the basis of the Receiver's authority.

**SHRI B. D. BARMAN :** May I know, Sir, if the Minister knows that the bankers of the concern, the Mercantile Bank New Delhi, have been trying to sell the company's factory at Ballabhgarh including plants, land, machinery, equipments etc., and if this sale is completed it will not only mean loss to the Government in the

form of income-tax and other things remaining unrealised, the employees will be deprived of the arrears of their wages and other things ?

**SHRI BEDABRATA BARUA :** Yes, Sir, we have information about this matter. This was done on the basis of a decree received by the Mercantile Bank. This was done by the court. The Company Affairs Department has nothing to do with this case. Under the law, they have appointed a receiver and the receiver is trying to get custody of the property. That is very true. And in case they are able to sell the property, I think the bank, being a secured creditor, will get back the money.

**SHRI BHUPESH GUPTA :** From the replies that have been given, it appears that for the last 15 years the Government has been at the job without producing any results whatsoever. May I know how is it that when it was a question of protecting the interests of the workers as well as of collecting income-tax from this company, the Government did not take other effective measures with a view to avoiding this situation when the Minister comes and says "I do not know where the company is located, nor are the directors traceable?" I should like to know what kind of an investigation is it—CBI or otherwise—which could not even find out the whereabouts of the directors nor enable the Government to act in an effective manner so that the interests of the workers are protected.

**SHRI BEDABRATA BARUA :** Sir, the Companies Act, which this House and this Parliament passed, was meant to be a corrective, and not a sort of punitive measure. One can debate about the virtue of it, but that is how the Companies Act was formulated. And on that basis, most of the companies...

**SHRI BHUPESH GUPTA :** I am not on the Companies Act. If you know that there is some malpractice, defalcation and even fraud to swindle the provident fund money and it is not a matter that relates to the Companies Act, why didn't the Government apply other measures ?

**SHRI BEDABRATA BARUA :** In so far as this company is concerned, provident fund is not the issue. So far as this company is concerned, it was on the basis of charges under the IPC itself that they were convicted. Now all the necessary steps were taken. We had, first of all, to proceed against them on an investigation. That was done as far back as 1964. We investigated. We had to go to the CBI. We wrote to the SPE for prosecution of these people, and prosecution was done against this company. On the basis of a thorough investigation and prosecution, the company was convicted. The directors were also convicted. So far as the closing down of this company is concerned, this happens sometimes in the private sector, and it is for the House to decide what to do about these things. So far as this Ministry is concerned . . .

**SHRI A. G. KULKARNI :** What are you for ?

**SHRI BEDABRATA BARUA :** What I am saying is, so far as this Ministry is concerned, we do not interfere except on the basis of the Company Law. So far as the Company Law is concerned, we have taken all the actions under section 220 and under other sections for non-filing of balance-sheets and other offences, for which we are prosecuting them. And they have gone under other sections of the law for relief. That has also not been allowed and the cases are now at a stage where some conviction may be secured in regard to all those defaults. And as I have already said, we have also contacted the police. Under the law whatever can be done has been done.

**SHRI BHUPESH GUPTA :** Who are the directors ?

**SHRI BEDABRATA BARUA :** About the directors, they were available until recently. Under the Company Law we go to the court and the court serves summons ; and when they evade the summons, then . . .

**SHRI BHUPESH GUPTA :** I think the Company Law permits you to know the

names of the directors. Kindly share the information with us.

**SHRI BEDABRATA BARUA :** Yes, Sir, the Company Law allows the Department to know the names of the directors from the annual returns which have to be statutorily filed by the Company. Now the annual returns were not filed by the company.

**SHRI A. G. KULKARNI :** On a point of orders, Sir. Are you yourself satisfied with the way the Minister is replying ? All along friends there are saying that workers' wages are involved and all along the Minister . . .

**SHRI BEDABRATA BARUA :** No, no.

**SHRI A. G. KULKARNI :** I want to appeal to you to direct the Minister that this is the position, it is a pity the Government cannot trace a defaulting company and the directors for the last 15 years.

**SHRI BEDABRATA BARUA :** No, that is a wrong construction. Till two years ago, they were traceable. Notices were served. Sometimes they were traceable, sometimes they were not.

**SHRI A. G. KULKARNI :** Have they gone to Pakistan ? Have they gone to heaven ?

**SHRI BHUPESH GUPTA :** Sir, you will have understood by now how inactive the Government has been and yet it is pretending to be active.

Everything, Sir, they did ; but nothing followed. What about the Income-tax Act ; what about the provident fund of workers and what about the workers who have suffered ? Do the Directors have other properties ? Can they not be hauled up under the Indian Penal Code ? What about other charges ?

**SHRI BEDABRATA BARUA :** I have already explained the position. Whatever is possible under the Companies Act is being done. So far as Income-tax Act is concerned, we do not deal with it.

**SHRI BABUBHAI M. CHINAI :** In view of the fact that such incidents are being brought up by Members of Parliament during every session, may I know from the

Government when they are going to gazette the Company Law (Amendment) Act which was passed by us so that this new Act comes into force immediately? If that is done all such cases can be curbed? It is nearly four months since this Bill was passed and it has not yet been gazetted on the plea that the rules have not been framed by the law Ministry as sufficient staff have not been given to them by the Finance Ministry. Is this a ground for not implementing the new Act?

**SHRI BEDABRATA BARUA :** It takes some time to notify the Act. In these very difficult days it was difficult to get the extra staff sanctioned . . .

**SHRI BABUBHAI M. CHINAI :** Let us hear from the hon. Minister when the Act will be notified.

**MR. CHAIRMAN :** The only question is whether you can expedite it?

**SHRI BEDABRATA BARUA :** It has been expedited. It will be done soon.

**SHRI J. S. ANAND :** On a point of order. I have made repeated attempts, apart from the legal quibbling, to get a straight answer to the question whether it will be seen that the company is not declared defunct. The Directors are big people and are not traceable. I have information that they are trying to bribe the Department to get the company declared defunct. A clear statement on this should be made.

**SHRI BEDABRATA BARUA :** It is not for me to say whether it will be declared defunct or not. Everything is done on the basis of court decisions.

**SHRI J. S. ANAND :** What is he going to do to protect the workers?

**SHRI A. G. KULKARNI :** On a point of order. If Directors are not traceable, one can understand . . .

**SHRI BABUBHAI M. CHINAI :** Who are they?

**SHRI A. G. KULKARNI :** He wants the names of Directors. You may give them.

**SHRI BABUBHAI M. CHINAI :** **Shri Bhupesh Gupta wanted that.**

**SHRI A. G. KULKARNI :** My friends from the other side have been asking as to what he is going to do to protect the interests of workers. On the question of Directors, the Minister should at least be careful enough to say that the Government will move its entire machinery to unearth the Directors from heavens or earth, wherever this have gone. Sir, you should direct him to do that at least.

**DR. K. MATHEW KURJIAN :** Hon. Member Shri Bhupesh Gupta asked a specific question to give the names of the Directors.

**MR. CHAIRMAN :** He is going to give the names.

**SHRI A. G. KULKARNI :** Sir, there should be a direction from you to the Minister to be very careful.

**SHRI BEDABRATA BARUA :** Protection of the workers is one of the functions of the Government. It is not the function of this Ministry.

**SHRI BHUPESH GUPTA :** On a point of order. This is not the point Government's reply is not on behalf of the Ministry only. You are answering questions not only for the Ministry, but on behalf of the Government. This related duty should have been discharged by the concerned Department of the Government. If they are not doing it, it was your duty to see that they did their duty. Now regarding the names of the Directors, are there any Kapadias to prevent you from giving the names?

**SHRI BEDABRATA BARUA :** There are three Directors . . .

**SHRI MOHAMMAD YUNUS SALEEM :** I have to make a humble submission.

In the other House this convention is strictly observed that no points of order are raised during question Hour.

**MR. CHAIRMAN :** That is all right. You are doing the same now.

SHRI MOHMMAD YUNUS SALEEM : This practice of raising points of order during Question Hour should be stopped.

MR. CHAIRMAN : That is all right.

SHRI BHUPESH GUPTA : Our House is a better House.

SHRI BEDABRATA BARUA : The three Directors are Shri Surendra Kumar Maheshwari, Shri Y. C. K. Jain and Shri Brij Kishore Jain.

SHRI BHUPESH GUPTA : Sir, how do I know all these things? It is necessary for us to know the other names also.

MR. CHAIRMAN : Please wait. The honourable Minister will pass on the necessary information to the respective Ministries or Departments and try to get the required information and supply it. Now, let us go to the next question.

SHRI A.G. KULKARNI : That is all what we wanted.

#### Committee on Drugs and Pharmaceuticals Industry

\*384. SHRI NABIN CHANDRA :

BURAGOHAJIN :†

SHRI K. B. CHETTRI :

DR. R. K. CHAKRABARTI :

Will the Minister of PETROLEUM AND CHEMICALS be pleased to state :

(a) whether the Hathi Committee on Drugs and Pharmaceuticals Industry has submitted its report; and

(b) if so, what are the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI K. R. GANESH) : (a) and (b) The Committee on Drugs and Pharmaceuticals Industry headed by Shri

†The question was actually asked on the floor of the House by Shri Nabin Chandra Buragohain.

Jaisukhlal Hathi is expected to submit its report on various subjects covered under its terms of reference by February 1975. The Committee has, however, submitted a report on one of its terms of reference viz. "Quality Control and related matters". A copy of the recommendations made by the Committee in this regard was placed on the Table of the House in reply to Starred Question No. 11 answered on 22-7-74.

The terms of reference of the Committee are as indicated in the statement laid on the Table of the House.

#### Statement

##### *Terms of reference of the Committee on Drugs and Pharmaceuticals Industry*

(i) To enquire into the progress made by the industry and the status achieved by it.

(ii) To recommend measures necessary for ensuring that the public sector attains a leadership role in the manufacture of basic drugs and formulations, and in research and development.

(iii) To make recommendations for promoting the rapid growth of the drugs industry and, particularly, of the Indian and Small scale industries' sector. In making its recommendations the Committee will keep in view the need for a balanced regional dispersal of the industry.

(iv) To examine the present arrangements for the flow of new technology into the industry, and make recommendations therefor.

(v) To recommend measures for effective quality control of drugs, and for rendering assistance to small scale units in this regard.

(vi) To examine the measures taken so far to reduce the prices of drugs for the consumer, and to recommend such further measures as may be necessary to rationalise the prices of basic drugs and formulations.

(vii) To recommend measures for providing essential drugs and common house-