

**SHRI BHUPESH GUPTA** : What is this point of order? You must not allow this point of order by Mr. Tyagi. I oppose this point of order.

**MR. CHAIRMAN** : Please sit down. We have had enough.

**SHRI MAHAVIR TYAGI** : My point of order is quite clear. A supplementary question can be put only if it is directly related to the main question. Other charges cannot be brought in.

**MR. CHAIRMAN** : Yes, I agree with you.

**SHRI BHUPESH GUPTA** : Sir, if Mr. Moinul Haque Choudhury was earning a lot of money appearing for Turner and Morrison and if the statement does not indicate that, then it does arise out of this question. It means he is suppressing facts.

**MR. CHAIRMAN** : If you put a relevant question, I will allow it; otherwise, I will not.

**DR. K. MATHEW KURIAN** : Sir, I want to know whether the Income tax authorities are aware that Mr. Moinul Haque Choudhury was getting from companies like Mundhra and Turner and Morrison Rs 1,700 per day ..

**SHRI RAJ BAHADUR** : Even an ordinary lawyer is getting Rs 1,600 per day.

**MR. CHAIRMAN** : All right, next question.

**SHRI BHUPESH GUPTA** : On a point of order, Sir, we feel a little aggrieved about it. You please consider it. I think you will see that we are doing it in public interest. We have no personal grudge against Mr. Moinul Haque Choudhury. I have got a copy of the statement given by Mr. Moinul Haque Choudhury. I am prepared to lay it on the Table of the House. Therefore, it is not fair that there is an attempt on the part of the Government to protect Mr. Moinul Haque Choudhury.

**MR. CHAIRMAN** : I rule out this point of order.

**DR. K. MATHEW KURIAN** : Sir, my question was not answered.

**MR. CHAIRMAN** : Next question.

#### IMPLEMENTATION OF RECOMMENDATIONS OF VIVIAN BOSE COMMISSION

- \*33. **SHRI KRISHAN KANT** †  
**SHRI SUNDAR MANI PATEL** :  
**SHRI CHANDRA SHEKHAR** :  
**SHRI LOKANATH MISRA** :  
**SHRI D. P. SINGH** :  
**SHRI CHANDRAMOULI**  
**JAGARLAMUDI** :  
**SHRI GULAM NABI UNTOO** :  
**SHRI K. C. PANDA** :

Will the Minister of COMPANY AFFAIRS be pleased to state whether the recommendations of the Vivian Bose Commission have been examined; if so, the details of the follow-up action taken by Government so far?

**THE MINISTER OF COMPANY AFFAIRS (SHRI K. V. RAGHUNATHA REDDY)** : A statement is placed on the Table of the House.

#### STATEMENT

On the submission of the report by the Vivian Bose Commission, Government considered the recommendations made by the Commission on the amendment to the Companies Act and requested Shri C. K. Daphtary, the then Solicitor-General and the late Shri A. V. Vishwanath Sastri, a retired Judge of the Madras High Court to consider the report from the legal point of view and also from the larger point of view of public interest. Most of the recommendations of the Commission and those of the Daphtary-Sastri Committee were given effect to by the amendments of the Companies Act, 1956 in 1963 and 1965.

2. With respect to the recommendations made by the Commission in regard to the disclosure of beneficial ownership a clause was inserted in the Companies (Second Amendment) Bill, 1964. The Joint Committee on the Companies (Second Amendment) Bill, 1964, however, omitted the relevant clause (42) as the Committee felt

†The question was actually asked on the floor of the House by Shri Krishan Kant.

that "it would be difficult for the companies to note beneficial holders of more than five percent of the equity share capital unless the concerned shareholders themselves intimate such holdings." Government is actively considering the question of introducing suitable provisions in this regard and the consequential safeguard suggested by the Commission.

3 Prior to the institution of the Commission of Inquiry the Delhi Special Police Establishment had started investigations in the matter of Dalmia Jain Airways Limited which could not be continued as records relevant to the case were taken over by the Vivian Bose Commission for its inquiry. On the completion of the inquiry by the Commission investigation was resumed by the Special Police Establishment and charge sheet was filed in the Court of the District Magistrate Delhi under Sections 120B read with Sections 409, 417 read with Sections 467 & 477A of the Indian Penal Code against the accused persons, S/Shri Ramkrishnan Dalmia, Shanti Prasad Jain, Jai Dayal Dalmia, Vamanhari Dalmia and 20 other persons. Proceedings for committal of the case in the Court of Sessions were started in the Court of Additional District Magistrate, Delhi to whom the case was transferred by the District Magistrate. Arguments on behalf of the prosecution had to be repeated twice on account of transfer of the Additional District Magistrate, and the same were eventually completed by the Additional Legal Adviser of the C B I on the 25th October, 1967. After completion of the committal proceedings, 22 persons were committed to the Sessions Court to stand trial by the order passed by the Additional District Magistrate on 20th September, 1969. Two accused died while the committal proceedings were pending and another accused died after the committal order was passed. On passing of the committal order, several accused filed revision petitions in the High Court of Delhi for quashing the committal order. There are 7 revision petitions in all and they were rejected by the High Court by its order dated the 29th October, 1971. The trial of the prosecution court before the Sessions Court was resumed thereafter and it is continuing. The first prosecution witness is being examined in the court.

**SHRI KRISHAN KANT** May I know from the hon. Minister whether it is a fact that one of the points made by the Vivian Bose Commission was that Sahu Jains should be kept under vigilance for five years? If so, I would like to know whether any vigilance was kept on them and whether there were any fraudulent things. The other point was, certain cases were to be instituted and certain actions were to be taken in specific cases. Was anything done regarding this? I would like to know the details.

**SHRI K. V. RAGHUNATHA REDDY :** All the things that were expected to be done have been done.

**SHRI KRISHAN KANT :** No, Sir. If the hon. Minister says that vigilance is being kept, is it a fact that they have been transferring money and other things from Bihar to Mysore and Rajasthan and they have been evading income-tax, sales tax and payment of electricity bills. The Bihar State Electricity Board have not been paid their dues. May I know what action is being taken?

**SHRI K. V. RAGHUNATHA REDDY.** Certain recommendations were made by the Vivian Bose Commission in respect of certain amendments to be made in the Companies Act and also certain measures to be followed by way of launching of investigations, prosecutions, etc. These recommendations were referred, as you know, to two very distinguished jurists, one of whom has been returned here, Mr. Daphtary, and Mr. Vishvanath Sastri. On the basis of their recommendations, most of the recommendations of the Vivian Bose Commission were accepted and most of them have been implemented by way of amendments to the Companies Act. In respect of matters relating to Sahu Jains, I may submit that civil actions as well as criminal actions have been initiated. Against Dalmia Jains also, criminal actions have been initiated. They are at various stages before the court. I do not want to go into them because they are *sub judice*. Regarding the third point he raised, the Government has decided to inspect these companies at least once a year so that vigilance can be kept.

**SHRI KRISHAN KANT :** Only Sahu Jains or all monopoly companies?

**SHRI K. V. RAGHUNATHA REDDY.** As far as Sahu Jains are concerned, decision has been taken to inspect them at least once a year. In respect of companies belonging to the monopoly houses also, we are contemplating to inspect them at least once a year.

**SHRI CHANDRA SHEKHAR :** May I know from the Minister whether he knows the fact that pretty little has been done even after this Vivian Bose Commission's report? May I know from him whether it is a lacuna in law or slackness in determination which is prohibiting them from taking drastic action against those companies which have been indulging in all types of economic crimes?

**SHRI K. V. RAGHUNATHA REDDY :** In respect of the recommendations made by the Vivian Bose Commission and also the advice by the Jurists' Committee, a Bill was moved and a clause was introduced in that Bill for regulating the *benami* transactions and also for disclosing the beneficiary owners, along with a consequential law for the purpose of investigation as amendment to section 247 of the Companies Act. At the time of consideration in the Joint Committee, the Joint Committee did not agree with these two clauses and they were dropped. The Government is now contemplating the ways in which it could introduce such legislation as had been considered necessary on the basis of the Vivian Bose Commission's recommendations in respect of these two matters.

**SHRI GULAB NABI UNTOO :** In view of the fact that even after such a long time only the first prosecution witness is being examined, would the Company Affairs Ministry look into the law and see that in such cases which pertain to the companies the laws are amended and revised in such a way that complaints against those companies will be disposed of in a specified period of time?

**SHRI K. V. RAGHUNATHA REDDY :** This is mainly a matter relating to trial before the courts and the Criminal Procedure Code. Since the matters are pending before the court and since trial is going on before the court, I do not want to make any comments on them.

**DR. V. B. SINGH.** The fundamental question is of taking action against monopolies within the existing mixed economy and legal system. Therefore, my question to the Minister is : Does the Government consider it feasible to eliminate monopolies and framework of the existing mixed economy and the legal system.

**MR. CHAIRMAN :** Kindly put a relevant question.

**DR. V. B. SINGH :** Sir, do you consider it irrelevant because the phrase 'legal system' is there? My question is, I repeat, "whether the Government considers it feasible to eliminate monopolies and attain a higher rate of growth."

**MR. CHAIRMAN :** The question is not relevant. The question relates to the Vivian Bose Commission's report.

**DR. V. B. SINGH :** Sir, it is a question of action against monopolies.

**MR. CHAIRMAN :** No, no. Please sit down.

**DR. BHAI MAHAVIR :** May I know if it is a fact that while on the one side criminal proceedings are on against some members or some gentlemen against whom the Vivian Bose Commission reported, and at the same time...

**SHRI K. P. SUBRAMANIA MENON :** Gentlemen ?

**DR. BHAI MAHAVIR :** Yes, gentlemen, and the Government would accept that they are gentlemen because of the second part of my question. May I know if it is a fact that while they have been committed to the sessions which means that there is a *prima facie* case of some sort of criminal action on their part—while this is being done on the one side—on the other side funds are being advanced by various official agencies like the Finance Corporation of India, Industrial Development Corporation and other official agencies, to companies or concerns with which they are connected? I would like to know whether the Government is aware of this and whether it approves of this activity which means pouring water and petrol at the same time on a burning house. I would

like to know what the Government's information is and what its attitude is on this

**SHRI K V RAGHUNATHA REDDY :** In respect of loans to these companies, after a special scrutiny, after considering all the merits of the cases, if at all the loans are given they are given

**DR BHAI MAHAVIR** What is this answer? My question is very specific. When some people have been committed to sessions for criminal acts, is it justifiable for the Government to go on advancing loans on a large scale to concerns in which they are interested? The Government cannot divide itself into two separate parts which have nothing to do with each other. Let him give an answer. Either the criminal cases are wrong or there is no justification for advancing loans.

**MR CHAIRMAN** Does the Minister wish to say anything?

**SHRI K V RAGHUNATHA REDDY** I have already answered.

**DR BHAI MAHAVIR** What is the answer?

**MR CHAIRMAN** The answer is that Government has done it after investigation.

**DR BHAI MAHAVIR** Done what? Advancing loans? If that is so we would like to know what loans have been advanced. When he can say that loans have been advanced he can also say this.

**SHRI BHUPESH GUPTA** The hon. Minister has twice said that Government is contemplating action and will take action. What is the assurance that the hon. Minister himself will survive, in view of the concerted move by the Birlas, Goenkas and Tatas to oust him from his office? Two officers have been deputed to get him ousted from the office.

**MR CHAIRMAN** It does not arise out of this question.

**SHRI BHUPESH GUPTA** This is important. I want to know whether he will survive.

**MR CHAIRMAN** This is not a question.

**SHRI BHUPESH GUPTA** This is a question of survival. Is it not a question?

#### GROUNDING OF CARAVELLE AIRCRAFT

**\*34 SHRI M K MOHTA** Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state—

(a) the number of Caravelle aircraft of the Indian Airlines which are at present grounded and the reasons therefor, and

(b) the extent to which the grounding of these aircraft has affected the normal air services of the Indian Airlines, and the steps taken by the Indian Airlines to meet the situation?

**THE MINISTER OF STATE IN THE MINISTRY OF TOURISM AND CIVIL AVIATION (DR (SHRIMATI) SAROJINI MAHISHI)** (a) One Caravelle is off service—undergoing scheduled maintenance checks.

(b) Normal scheduled Caravelle services have not been affected.

**SHRI M K MOHTA** May I know from the hon. Minister what is the average number of Caravelles which are grounded from time to time and whether that number is considered reasonable or unreasonably high? Moreover, which type of aircraft is giving the best service to the Airlines and which type has the highest record of being grounded?

**DR (SHRIMATI) SAROJINI MAHISHI** The hon. Member has asked a question about the Caravelles. Usually one is always under routine check. In the month of March, out of seven Caravelles in the whole fleet, the utilisation was 5/9.

**SHRI K P SUBRAMANIA MENON :** How is 9 utilised?

**DR (SHRIMATI) SAROJINI MAHISHI** If the hon. Member has been briefed properly, he would not have asked this question. Out of a fleet of 7 Caravelles,