

engineers which they are refusing to accept. Is this not absurd ? I do not want to go into details. But I am very upset.

MR. CHAIRMAN : You have successfully explained the position.

DR. KARAN SINGH : I am very distressed because I have a responsibility to the public of India to ensure that our services go on. But when a section of employees acts in this way, I speak more in sorrow than in anger.

SHRI K. CHANDRASEKHARAN : The hon'ble Minister said about the service of Indian Airlines going to Bangla Desh. May I know from the hon'ble Minister whether there is any reciprocal arrangement in this regard with the Bangla Desh Government, and if so, whether the Airways of the Government of Bangla Desh are running any service from Bangla Desh into India ? May I know further whether the Government of India have given any assistance through the Indian Airlines Corporation to the Airways of the Government of Bangla Desh by way of planes, aircraft; if so, to what extent ? May I also further know whether the assistance, if any, rendered by the Indian Airlines Corporation to the Government of Bangla Desh Airways has not adversely affected the already difficult fleet position of the Indian Airlines, particularly with regard to the Fokker Friendship ?

DR. KARAN SINGH : The letters which were exchanged between the Government of India and the Government of the People of Bangla Desh provide for reciprocal rights. We have started operation to Bangla Desh. But the Bangla Desh planes have not yet started operating to India; they have not yet arrived. But as soon as they wish to operate, they can certainly do so.

The second question is with regard to the assistance that we have given them. As the hon'ble House will be aware, we made available to Bangla Desh two Fokker Friendship planes, 200 series planes, which really are our best planes in this particular make. It is true, as the hon'ble Member, has said that the Indian Airlines itself is in a very difficult position with regard to its fleet. But keeping in view the special requirements of Bangla Desh we consider it our duty to make available to them the planes that they require even if it meant reducing our own fleet. So these two planes have been made available.

श्री जगदीश प्रसाद माथुर : अपने अभी बताया कि बंगला देश को हमने 2 विमान दिए

हैं। पिछले दिनों बंगला देश वायु सेवा का भी एक विमान दुर्घटना-ग्रस्त हो गया था। तो विमान जो दुर्घटना-ग्रस्त हो गया था, क्या वह विमान आपके द्वारा दिया गया था और क्या केवल हमने विमान दिए या विमान-चालक भी दिए और यह जो इन्कवायरी हो रही है, उसमें जो हमारा विमान गिरा है उसके बारे में क्या स्थिति है ?

डा० कर्ण सिंह : जो दुर्घटना-ग्रस्त हो गया वह हमारा विमान नहीं था, वह उनका एक प्राचीन डकोटा विमान था। वह जब दुर्घटना-ग्रस्त हो गया तो उन्होंने हमसे मांगा। 2 अफसर हमने भेजे हैं, इन्कवायरी में उनकी सहायता के लिए। हमने कोई विमान-चालक नहीं दिए, केवल विमान दिए।

SHRI MONORANJAN ROY : Sir, my question arises out of the reply given by the Minister. May I ask him how many undergraduates are there who are given Rs. 3,000 and more, their years of service in this particular job and their technical skill ?

DR. KARAN SINGH : Sir, I will require notice.

SHRI MONORANJAN ROY : You have already mentioned it in the House.

DR. KARAN SINGH : I have not got the details.

SHRI MONORANJAN ROY : Sir, when the Minister has not got at his disposal the reply to this simple question, he should not have mentioned it like that—that the undergraduate engineers have been drawing more than Rs. 3,000 and still they want more.

MR. CHAIRMAN : All right, please sit down.

SHRI MONORANJAN ROY : This is unjust. This is their attitude.

SHRI SASANKASEKHAR SANYAL : Do you make the appointment because they are under-graduates or for their skill ?

MR. CHAIRMAN : Mr. Sanyal, I have not called you. Next question.

PROSECUTION OF COMPANIES FOR VIOLATION OF PROVISIONS OF COMPANIES ACT

*155. SHRI VITHAL GADGIL :

SHRI A. G. KULKARNI : †

MISS SUSHILA MANSUKHLAL DESAI :

The question was actually asked on the floor of the House by Shri A. G. Kulkarni

Will the Minister of COMPANY AFFAIRS be pleased to state :

(a) the number of Companies against whom prosecution cases have been initiated for violation of various provisions of the Companies Act during the last three years; and

(b) what are the broad features of the charges against them and what action Government have contemplated against them ?

THE DEPUTY MINISTER IN THE DEPARTMENT OF COMPANY AFFAIRS (SHRI BEDABRATA BARUA) :

(a)	Year	No. of companies
	1968-69	2185
	1969-70	2175
	1970-71	2570

(b) In the majority of cases, the defaults related to the failure of companies to (i) hold Annual General Meetings, (ii) lay thereat the Balance-Sheets and Profit & Loss Accounts and (iii) file the Annual Returns, the Balance Sheets and Profit & Loss Accounts with the Registrars of Companies. The defaulting companies are prosecuted under the provisions of the Companies Act, 1956.

SHRI A. G. KULKARNI : Apart from the moderate charges that have been brought against these companies numbering 2,500 may I know whether the Government is aware of more serious charges against the companies, particularly in respect of the balance-sheet and auditing of the balance-sheet ? May I know whether, as assured by the Government, there will be a public auditing system for the private sector companies so that the balance-sheets will be drawn to the best of the honest efforts of the company managements ? Secondly, may I know if the Government is aware that in respect of different industrial groups in the country, the sale of shares is made partly in white money and partly in black money, as has been brought out in the Wanchoo Committee Report yesterday ? If so, may I know whether the Government is going to introduce a system whereby the share value fixed for the transfer of shares will be first offered to the Government financial institutions, just as urban property is being offered to the Government and the Government has taken the right to take it ? So, I would like to know what steps the Government will take to check these anti-social practices.

SHRI BEDABRATA BARUA : Sir, about the more serious offences, we are not placing here offences relating to auditing and

so on. This is mainly in regard to balance-sheets. There are no serious offences here except non-submission of balance-sheets, unless there are certain irregularities under other Acts of the country like penal sections, foreign exchange regulations and so on. The number of cases in which we took proceedings for recovery of damages to property in respect of fraud, etc. was four in 1969-70, and there were no cases last year. Other penalties are also there, but they are very few. We have taken up cases of a more serious nature also, but they are not in connection with the things mentioned by the hon. Member. Regarding audit, the matter is under consideration. The whole question of auditing in the country and the auditor's position in the company is under consideration. And the Government proposes to bring in some sort of amendments to the Companies Act as soon as possible. Regarding the charge that black money has been used to purchase shares, this matter does not directly concern this question. I do not have all the facts at my disposal. Certainly the Government has information about such things. But I am not in a position to say anything in connection with this question.

SHRI A. G. KULKARNI : I asked a particular question of the Minister. He says other Departments are concerned. I say it is the Company Law Department; sale or transfer is sanctioned by the Company Law Department. I asked him whether the Company Law Department will take care to introduce an element that first the shares will be allowed to be purchased by the public institutions, companies. I wanted his reaction. Why is he shy in giving his reaction ? Then only can I ask my second question.

SHRI K. V. RAGHUNATHA REDDY : We are not feeling shy. This aspect is being studied, in what manner the regulations will have to be framed for the purpose of dealing with this kind of practice especially having regard to the Constitutional provisions and other aspects. Therefore, immediately this question cannot be answered in the manner in which the honourable Member wants.

SHRI A. G. KULKARNI : My second question is whether the Government is aware that the question of prosecuting the Directors of CACO has been raised in this House and during the last three years the Government has been saying it is under consideration, it is under consideration ? I would like to know whether any final decision is taken and the Government will be able to prosecute the Directors of CACO for using the money in an unapproved

manner. That is number one. Secondly, may I know whether the Government is aware that whenever prosecutions take place for the purchase of foreign firms, the Indian monopoly houses, the Indian big business houses, are keeping some money in foreign countries? What steps does the Government propose taking to stop such practices?

SHRI BEDABRATA BARUA : So far as CACO is concerned, necessary directions have been issued for the prosecution of the Directors of the Company. Regarding the purchase of foreign firms, this question may be directed to the Ministry of Economic Affairs.

SHRI BHUPESH GUPTA : May I know from the honourable Minister how many prosecutions have been launched against concerns belonging to the 75 monopoly house mentioned in the Monopolies Commission Report? Is the honourable Minister aware that there has been an attempt on the part of some people, very high up, to interfere with the investigation which is going on in regard to the alleged leakage of the devaluation news in respect of the United Commercial Bank? May I know what steps the Government is taking in order to prevent such interference and whether papers of this concern have been called for? May I also know from the honourable Minister whether he is aware of the fact that the Birlas are running a whole number of offices abroad and they are sending things under-invoicing and accumulating huge funds in foreign banks and that the Birlas are currently running a sinister campaign against the honourable Minister, Mr. Raghunatha Reddy, published in the Hindustan Times and other newspapers with a view to intimidating this Department of the Government so that nothing is done against the Birlas?

SHRI C. D. PANDE : It is for the Prime Minister to reply.

SHRI BEDABRATA BARUA : A number of prosecutions have been launched against these companies, including those of the 75 big business houses. But due to the present provisions in the Companies Act first of all we have to conduct investigation into the affairs of the company, and that itself sometimes has been stayed by the High Court, and in one or two cases that has been quashed...

SHRI A. G. KULKARNI : That is the usual gimmick.

SHRI BEDABRATA BARUA : It is not a gimmick at all...

SHRI BHUPESH GUPTA : I have asked a specific question for specific information...

SHRI BEDABRATA BARUA : It does not arise out of this question.

SHRI BHUPESH GUPTA : It does arise. How does it not arise? Sir, on a point of order. He said prosecutions have been launched against so many companies. What I asked was whether they include companies belonging to the 75 monopoly houses, and if so, how many. This is my question.

SHRI BEDABRATA BARUA : I have to explain my position further. So far as offences under the Companies Act are concerned, it is this Ministry which launches the prosecution. But when the offences include offences under Penal Sections, Foreign Exchange Regulations, this Ministry does not launch the prosecution itself. It carries out the investigation. Then on the basis of our investigation we refer the matter to the CBI or the State Police as the case may be. It is not that we launch all prosecutions... (*Interruptions*) The question itself is related to offences under the Companies Act and under Penal Sections... (*Interruptions*) We are not in a position immediately to give the details.

SHRI BHUPESH GUPTA : Birlas have companies. All the seventyfive houses have got so many companies. What I want to know is whether any of their concerns have come under the Companies Act to be prosecuted or the matter to be referred to CBI. I put it to you that they are deliberately not prosecuting Birlas under high pressure.

SHRI BEDABRATA BARUA : There has been one case regarding Jeeyajira Cotton Mill where we instituted investigation proceedings but they were quashed by the Jabalpur High Court. In regard to other two companies including Indian Linolium, the proceedings were stayed by the Calcutta High Court and the Calcutta High Court is still hearing the case as to whether the investigation should take place or not. Therefore, it is not that government has not taken any action. Under the law prosecution can come only after investigation. Regarding the other question of high-ups, I do not know the details about the allegation he has made. Regarding the allegation made against the Minister and all that...

SHRI BHUPESH GUPTA : I have never made any allegation. I asked him whether he is aware of the campaign launched by Birlas through the Hindustan Times against Shri

Reghunatha Reddy with a view to intimidating his Ministry. Do you read newspapers ?

MR. CHAIRMAN : That is not the question here.

SHRI BHUPESH GUPTA : But it does arise because there is a concerted plan to terrify and intimidate the government. He should tell us what steps they are taking. In fact this question should have been answered by the Prime Minister.

MR. CHAIRMAN : Let him answer.

SHRI K. V. RAGHUNATHA REDDY : Whatever intimidation might be there, no action will be stopped and I can assure this hon. House and Shri Bhupesh Gupta that the law will take its normal course whoever might be the party and whatever might be his status.

SHRI BABUBHAI M. CHINAI : By and large a number of cases which he has narrated are against public limited companies. May I know whether in view of the fact that there are certain obligations which are not...

SHRI BHUPESH GUPTA : They are talking of Shri Reddy's removal from the government. Does he know that ?

SHRI BABUBHAI M. CHINAI : In view of the fact that there are certain obligations which are not to be fulfilled by the private limited companies and therefore people have been taking advantage of this, may I know from the hon. Minister whether the Company Law Department is thinking in terms of putting private limited companies at par with the public limited companies ?

SHRI BEDABRATA BARUA : So far as private limited companies are concerned, the present law is more lenient to them and they are not required to observe the same discipline as public limited companies have to follow. The whole matter is under consideration, and the Companies Act is being considered for some amendments.

WAR RISK INSURANCE SCHEME

- * 156. SHRI BHOLA PRASAD : †
SHRI M. V. BHADRAM :
SHRI SITARAM JAIPURIA :

Will the Minister of FINANCE be pleased to state :

(a) whether there is any proposal under Government's consideration to have a permanent war risk insurance scheme in border areas;

† The question was actually asked on the floor of the House by Shri Bhola Prasad.

(b) if so, the details thereof; and

(c) what is the criterion adopted to pay compensation for the losses suffered by the people of border areas in respect of their industries, agriculture and houses ?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SMT. SUSHILA ROHATGI) : (a) to (c) A statement is laid on the Table of the House.

STATEMENT

(a) No, Sir.

(b) Does not arise.

(c) The Emergency Risks (Goods) Insurance Act, 1971 and the Emergency Risk (Udertakings) Insurance Act, 1971 and the Schemes framed thereunder came into force on 10.12.1971. They indemnify any damage to insured goods/properties due to enemy action upto 80 % of the loss or damage. As regards goods/properties damaged which though insurable, could not be insured because the loss occurred either before the 10th December, 1971 or before the parties concerned had time to take out insurance no claim is payable. Government of India has decided to consider *ex-gratia* payments on a suitable scale in such cases provided the parties concerned applied for insurance under the Schemes immediately on their coming into force.

Damage to crops and houses are not covered by the above Schemes. However, with a view to providing relief and resettlement assistance, Government of India has authorised the State Governments to sanction *ex-gratia* grants/loans to the persons affected by the recent hostilities with Pakistan.

श्री भोला प्रसाद : अध्यक्ष महोदय, मैं मंत्री महोदय से यह जानना चाहता हूँ कि सीमा क्षेत्र के प्रदेशों में पिछले युद्ध में जो लोगों की क्षति हुई है खास कर घरों की, फसलों की, संपत्ति की उसकी क्षति पूर्ति के संबंध में राज्य सरकारों को केन्द्रीय सरकार ने जो अधिकार दिया है, उसमें कितनी सहायता लोगों को दी गई है ? दूसरा प्रश्न यह है कि इस क्षति पूर्ति का कोई परसेटज तय किया गया है या नहीं ? तीसरा प्रश्न.....

श्री सभापति : आपको अभी और मौका है। बाद में पूछियेगा।

श्रीमती सुशीला रोहतगी : मान्यवर, सदस्य महोदय ने दो प्रश्न किये हैं। पहले भाग का इस