

[Shri N. R. Muniswamy.] are given some prominence, they feel happy about it and they come forward and move with the other people socially and otherwise. Similarly they could have been given some prominent place on this Council itself and they would have certainly expressed their desire to be there and even now if they are given some prominent place on the Council, they will soon join and make their presence felt and they will co-operate with the Council to their benefit.

In so far as these Advisers are concerned, the Home Minister was pleased to say that the representatives of the Planning Commission and the Finance Ministry would also be on this Council and they will co-operate with this Council and they will always act like a watchdog in the affairs of the Council. Sir, this being a vulnerable place on the map of India. I would rather like a representative of the Defence Ministry also to be put in there.

About the Co-ordination Committee, it has been stated that it shall be the duty of the Co-ordination Committee to review from time to time the measures taken by the States represented on the Council for the maintenance of security and public order therein and to recommend to the Governments of the States concerned further measures necessary in this regard. So far as the security aspect is concerned, instead of allowing this Co-ordination Committee to deal with this aspect, it would have been better if a representative of the External Affairs Ministry or of the Defence Ministry had been incorporated in this Bill itself. Even now it is not 6 P.M. too late and they can always be asked to come and we can get their reaction to any of the problems. So far as the functions of the Council are concerned, it is all very laudable to see but so far as the developments are concerned . . .

THE VICE-CHAIRMAN (SHRI RAM NIWAS MIRDHA) : we have a half an hour discussion at six. If you like you can continue tomorrow. Mr. Das,

HALF-AN-HOUR DISCUSSION ON POINTS ARISING OUT OF ANSWER TO UNSTARRED QUESTION NO. 234 GIVEN IN THE RAJYA SABHA ON THE 1ST MAY, 1970 REGARDING TRANSPORTATION OF FERTILIZERS IN ANDHRA PRADESH

SHRI BANK A BEHARY DAS (Orissa) : Mr. Vice-Chairman, I raise, with your permission, a discussion on some of the points which have not been covered in my Unstarred Question No. 234 regarding the transportation of fertilizers in Andhra Pradesh. At the outset I want to record my appreciation of the PAC of Andhra Pradesh Legislature which has unearthed one of the biggest scandals in the post-independent period.

[THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) in the Chair.]

These involve Rs. 377 lakhs in which many Ministers, some of the officers of the Andhra Pradesh Government, many of the dealers and Cooperative societies, and, I am afraid, the Food Ministry of the Government of India, are involved. Here in reply to that particular question on the basis of which I want to raise this discussion, you will find that the Minister replied:

"The Third Report of the PAC of Andhra Pradesh Legislature cites some irregularities in the transport of fertilizers in that State. It has been stated therein, *inter alia* that in the three years 1966-67 to 1968-69 an amount of Rs. 3.77 crores has been paid by the State Government to the co-operatives and private dealers as transport charges and that there was ground to believe that there were irregularities in some of these payments."

I am really very much sorry that when the PAC clearly states that this money has been embezzled by some dealers, certain officers and Ministers to the extent of Rs. 377 lakhs on the basis of bogus claims when the fertiliser was not transported from ports or from the Sindri Fertilizer Factory to Andhra Pradesh, the Government of India in their reply say that it is an irregularity I do not understand, this and unless some of the top officers of the Food Ministry are involved in this affair, they would not have said that the embezzlement is nothing but an irregularity on the part of the Minister in spite of the fact that

raised the question in the course of the Appropriation Bill discussion—and this reply came up afterwards—the Minister did not verify and simply stated that this is an irregularity. If embezzlement of a major portion of Rs. 377 lakhs, which has been paid by the Government of India just to transport fertilizers to the doors of the agriculturists who want this fertilizer to have a green revolution in the country is called an irregularity, I do not know what they will say when so many tonnes of money are being embezzled in his country. Again you will be astonished to know that in the reply the Minister said:

"In order to help the State Government in arranging timely availability of fertilizers, the Government of India has permitted the use of road transport from the ports when wagons are not readily available. Even though the cost of movement by road is higher than that of movement by rail, this additional expenditure is reimbursed to the State Government by Government of India in the interests of timely supply of fertilizers, to the farmers".

Again this is a wrong or false statement made by the Food Ministry before the Rajya Sabha because the Government very well knows that the allotment made to Andhra Pradesh of fertilizers were not only from the imported stock that was to be transported from Kakinada, Vizagapatnam, Madras and Bombay but most of the fertilizer was taken from Sindri. From the reply it appears as if they permitted it to be transported from port by road because wagons were not available and as if the fertilizer that has come from Sindri over long distances to Andhra has come by wagons which is another false statement because we have sufficient evidence to show that all the fertilizer from Sindri was mostly carried by road transport—though the Minister gave a false reply here—and it did not reach those people and a major portion of it was sold in Sindri at black market prices and the transport charges were embezzled by the private operators in collusion with those who are in the Government and also the officers. Again I make the charge against the Minister because I raised this question in a Committee in which the Railway Minister was also present. I charged that in the PAC of the Parliament, they complained that

wagons were not being utilised—and that is another point of the Railways—and why Andhra Pradesh Government has allowed to transport the fertilizer from the ports by road transport and why they were not able to supply the wagons. They told me categorically—when I raised this question, some of the Andhra officers came here and talked with the Railway officers—in that Committee in the presence of the Railway Minister:

"We have challenged them and asked them to give us proofs in how many instances you have asked for the wagons from us to carry fertilizer and in how many cases we have refused."

So it clearly shows that the Andhra Government deliberately, to embezzle this amount in collusion with the private operators and cooperatives, did not indent wagons from the Railways and if they indented at all, that was only in small cases, not in major cases. You know that not only we are subsidising the fertilizers but we are paying the entire amount of transportation charges from the ports like Bombay, Madras, Kakinada and Vizagapatnam to Andhra Pradesh.

Regarding the fertilizers by lorries, the PAC report clearly indicates that this has not been transported. Perhaps they have been sold near the port and false bills have been given to the Agriculture Department there and the Agriculture Minister and the officers in collusion, have certified that these fertilizers have been really transported and on that basis the Government of India have paid the amount. I want a categorical answer from the Minister because he cannot just say that he permitted it because the wagons were not available, which is absolutely false. He can enquire and then he will see that the wagons were available and in most of the cases orders were not placed on the Railways for the wagons.

About Sindri also, I have stated because the answer says that they permitted from ports the fertilizers to be carried to Andhra Pradesh by road transport and bills were submitted on the basis of that but not an iota from Sindri reached the agriculturists of Andhra. In this connection you will be astonished to know that on page 9 the PAC stated:

"It shows that the payment of transport charges was being made

[Shri Banka Behary Das.] without the transport really being made and that the certificates issued by the Agricultural Assistants in such cases appear to be completely false. From the circumstances mentioned above, the Committee is constrained to come to the conclusion that the genuineness of the claims were not all verified by the department."

"From the note furnished to the Committee, it is seen that the transport charges paid to the District Cooperative Marketing Societies and private firms during the years 1966-67 to 1968-69 amounted to Rs. 3.77 crores. It is seen further that even standing concerns like District Cooperative Marketing Societies submitted bogus claims amounting to lakhs of rupees. Instances are given below."

I will not quote further. This has been done in collusion with the officers, Ministers, private dealers and to a certain extent, the Food Ministry of the Government of India which has given us a false statement.

Here I wish to say why in spite of our demand during the Appropriation Bill discussion here and also in the other House, till now this matter has not been given over to the C.B.I. After all the Andhra Government is in the dock. They are the defaulters. They have embezzled the money and if the persons who have embezzled the money are asked to enquire and their Police Department, according to the information the Minister has given me, is enquiring into the matter, then how can there be any justice? It is not a question of Andhra Government money. It is that of the State exchequer of the Government of India which has been defrauded to the extent of Rs. 3.77 crores.

Even the Public Accounts Committee of the Andhra Pradesh Assembly clearly stated—perhaps they have no faith in their own agency—in paragraph 1] of their conclusions that "in view of what has been stated in the preceding paragraphs the Committee of the view that the State Government as well as the Centre should make a thorough probe into the whole question in detail without any loss of time by entrusting it to the Central Bureau of Investigation". That means the Andhra Pradesh Assembly's Public Accounts

Committee does not have faith in the State Police because Andhra Pradesh is the criminal is the guilty party and that is why the Government of India should come into the picture. They have mentioned that the matter should be entrusted immediately to the C.B.I., but I do not understand why the Food Ministry has not taken it up. I think in the other House the Minister said that he was going to be a communication with the law Ministry and the Home Ministry. I do not know what has been the result but I hope the Minister will enlighten us as to whether anything has come out of it.

I want to emphasize here that whenever we ask this question of the Home Minister as to what is the scope of the C.B.I., the Home Minister in this House has categorically told us that *suo motu* also the CBI can take up matters.

SHRI S. D. MISRA (Uttar Pradesh) : Only last week he said that.

SHRI BANKA BEHARY DAS : Whenever there is a question of misuse of public funds the Government is also to a certain extent affected.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : But the Agricultural Minister said they cannot enquire into this without getting the concurrence of the State Government.

SHRI BANKA BEHARY DAS: When it is a question of the State Government itself embezzling the money . . .

SHRI S. D. MISRA : But the Home Minister said clearly, not in this context, that *suo motu* we can move.

SHRI BANKA BEHARY DAS : Even on the basis of anonymous petitions they come into the picture but in this case I do not know why after all this they have not done anything up till now and I hope when the Food Minister replies to this he will explain why nothing has been done so far.

Mr. Vice-Chairman, Sir, I want here to draw your attention to some of the facts. When the new fertiliser policy was drawn up the Andhra Pradesh Government was to distribute the fertiliser through the co-operative agency. Three years back when fertiliser was given in a big scale they changed their policy *suo motu* without the concurrence of the Food Ministry and the

Food Ministry without verifying and examining that position started giving the fertiliser and the result is fraudulent societies cropped up with the connivance of officer; and others and they were registered ; and they were also given fertiliser without even payment also. I have got the report about the questions raised and the answer given in the Andhra Pradesh Assembly and we find that in many cases the Agricultural Minister has ordered that without prepayment stocks could be released from Madras Harbour and some of the amounts have not been realised even up till now. In one District, Cuddapah, there is one ex-M.L.A., Mr. Narayana Reddy, who is supposed to be very chummy with the Minister and he suddenly taking advantage of this registered four companies, called Fertiliser Mixtures : Company. The cooperatives were : given the go-by and you will be astonished to know from 12-4-1968 to 2(-7-1968, within three months, 15 per cent of the fertiliser allotted to the Andhra Pradesh State has been diverted to these four fraudulent companies whose proprietor is Mr. Narayana Reddy. I have some statistics to show that Rs. 24 crores have been embezzled by private operators out of Rs. 3.77 crores. Mr. Vice-Chairman, you will understand that if the Government does not take immediate steps and entrust the matter to the CBI then the entire records in the check posts would be completely manipulated. The Public Accounts Committee have given instances to show how lorries which were supposed to have transported fertiliser from Bombay, Kakinada and other places has never passed through any checkpost of Andhra Pradesh. Mr. Vice-Chairman, you will be astonished to know that not only fraudulent societies cropped up in large numbers for transport of this fertiliser but you will find that the licences have been issued not by the Director of Agriculture but licences have been issued on the written order of the Minister or some lower officer has gone to Madras to give release order of stocks of fertiliser from Madras Port. This is not a case of a few persons but it runs into thousands of cases where you find Ministers giving orders that without payment even the stocks could be released. I have got a copy of the Government order with me which says clearly that no dialer should be released stocks from any port or from the

¹ Sindhri Fertiliser Factory unless he pays the full amount and takes it to Andhra Pradesh. But it was not done because the Ministers have tried to see that some of these persons are benefited.

Mr. Vice-Chairman, not only this but you will be astonished to know that some of the firms are fake firms. Some persons have started four or five firms giving different names though the proprietor is the same person and they have given their applications to the Ministers, not to the Director of Agriculture, and the Ministers have given orders on those papers saying give him so many tonnes of urea, so many tonnes of ammonium sulphate, etc. Like that they have given orders and on this basis false certificates were issued. I want to know from the Minister what was the specific direction of the Government of India, what was the agency for distribution of fertilisers, how the certificates were to be obtained so that money will be paid to the Andhra Pradesh Government. I want to know from the Minister whether it is not a fact that wagons were available for transport of this fertiliser but they were not utilised and private transport was utilised only to give benefit to certain persons high up in the Administration. Finally I want to know whether the Minister is prepared to declare in the House that the Government is concerned with this matter and that he is taking it up. There is no question of getting consent of the guilty party. You don't go to the thief and ask him : will you give your consent because I want to entrust this matter to the police? The moment somebody steals, action has to be taken against him and there is no question of his consent being got to it.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Now it is mere suspicion.

SHRI BANKA BEHARY DAS : If you say this is suspicion then I will say that all your decisions are also suspicious ; the recommendations of the Public Accounts Committee, Public Undertakings Committee are all suspicious ? In this case the Public Accounts Committee of the Andhra Pradesh Assembly has given thousands of instances of how lorries have not passed through the check posts ; they have given instances where Ministers'

IShri Banka Behary Das.J orders have been obtained ; they have given instances how it has been sold in other places and how it has never reached Andhra Pradesh. When the matter was raised in the presence of the Railway Minister how, while they say that wagons are being fully utilised, wagons were not supplied to Andhra Pradesh so that they had to transport the fertiliser through private agencies the Railway officers challenged them to show in how many instances wagons had been indented for but had not been supplied. So you see I have checked up at all quarters and therefore I would demand that instead of asking the opinion of the thief in Andhra Pradesh they should immediately refer the matter to the CBI because the Public Accounts Committee has said that without delay this matter should be referred to the CBI. I hope the hon. Minister will reply to all the points that I have raised.

THE MINISTER OF STATE IN THE MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND CO-OPERATION (SHRI ANNASAHEB SHINDE) : Mr. Vice-Chairman, this Andhra fertiliser case has . . .

SHRI BHUPESH GUPTA (West Bengal) : Case ? It is a scandal.

SHRI BANKA BEHARY DAS : It is only a case ? It is not a scandal ?

SHRI ANNASAHEB SHINDE : I wish I was as free as the hon. Member to use such words.

This has attracted countrywide attention and when this matter was twice discussed in different forms in the other House it is but natural that some of the hon. Members should have raised this discussion in this House also. I appreciate the anxiety of the hon. Member to protect, to safeguard public interest and perhaps to draw the attention of the Government as well as the public, to the safety of the public funds involved.

This case received particular attention after the PAC of the Andhra Assembly went into the matter and made certain recommendations to their own Assembly and the State Government. Now, when we discuss this problem, certain background of the case has to be borne in mind. This problem has come up as a result of the per-

mission by the Central Government to allow movement by road to all the State Governments in the country. Now, why was this done ? I may remind hon. Members that this House itself, perhaps a year earlier, discussed the problem of non-availability of wagons even for carrying foodgrains and, in fact, Mr. Rajnarain,—he is not here now—very closely cross-examined us in this House. At that time it was explained that even for transporting foodgrains, such an important material, covered wagons were not available. As is well known, 1966-67 and 1967-68 were most difficult years.

SHRI BANKA BEHARY DAS : All the three years ?

SHRI ANNASAHEB SHINDE : Please listen to my arguments and then you can interrupt. During this difficult period considerable quantities of foodgrains had to be moved from place to place. Large quantities of foodgrains were being imported and even indigenous foodgrains were being procured and they had to be moved from one place to another. The Railway system was under strain. For fertiliser also there were some difficulties because wagons in adequate numbers were not available. As you know, the supply of inputs to farmers is very important. Whatever we may plan for (the development of agriculture, unless the necessary inputs, especially fertilisers, pesticides, etc. are made available in time to the farmer, it is not possible to implement the agricultural development plans. So, from 1962-63 onwards the Government of India advised the State Governments that, in order to make available timely supplies of fertilisers to the farmers in their own States, they may resort to the movement of fertilisers by road and whatever excess expenditure was incurred by the State Government, that would be reimbursed by the Centre to the States. That was the general policy approach.

SHRI BANKA BEHARY DAS : Where is timely supply, when it did not reach at all ?

SHRI ANNASAHEB SHINDE : Unfortunately we have had no complaints from any State except Andhra. I do not know, but it is unfortunate that such a situation should have come up in Andhra and some anti-social elements should have exploited the situation.

It appears from me Report of the PAC that some anti-social elements have obviously exploited the situation. They had tried to do something which was not very desirable.

Now, the hon. Member has raised a number of points but before I go into these problems, would like to submit that first of all fertiliser distribution is entirely a State subject. We do not come into the picture at all. We only make allotments to the State Governments. Its transport and its distribution is entirely to be managed by the State Governments. Who should be the distributor *i.e.*

SHRI BHUPESH GUPTA: Law and order is a State Subject. Suppose a Minister is kidnapped in a State, should we not take note of it? Do not start with the obvious, as if after so many years we do not know what a State Subject is. The question is the Central Government is responsible for the distribution of fertilisers in the country as a whole.

SHRI ANN/SAHEB SHINDE: Kindly bear with me. The hon. Member referred to the point that so many distributors were appointed and the policy was changed. Now, in addition to co-operatives, private dealers were appointed. That was the contention of the hon. Members as to who should be the distributor was to be decided by the State Government. We do not interfere with the discretion of the State Government. If I am asked to give advice, then I would advise the State Government that as far as possible they should give preference to co-operative organisations. Be it West Bengal Government, Andhra Government or any other Government, ultimately it is for the State Government to decide as to who should distribute as far as internal distribution is concerned. Now, the hon. Member made another contention as if I had said somewhere that wagons were not at all available. I have never made that statement. What I had said was that when wagons were not available, to that extent movement of fertilisers had taken place by road. Even in this a very strict procedure was being followed. Normally the tenders are submitted to the Railways not by the State Government but by the Regional Directors of Food in charge of various port movements. When wagons were

not available, a written communication had to be given by the RDF saying that wagons were not available. He puts it on record. Only in those circumstances movement by road is allowed. In this case also it is my information that in the year 1966-67 from Vizag 84 per cent of fertilisers were moved by rail. From Madras also almost 45 per cent fertilisers were moved by rail and only 16 per cent and 55 per cent respectively were moved by road. Similarly in the year 1968 movement by rail from January to August was 35 per cent and from September to December 52 per cent by rail. Sixty-five per cent and 48 per cent respectively were by road.

SHRI BANKA BEHARY DAS: What about movement from Bombay to Sindri?

SHRI BHUPESH GUPTA: On a point of order . . .

SHRI ANN/SAHEB SHINDE: I will finish within five minutes.

SHRI BHUPESH GUPTA: Will you kindly resume your seat? Calling attention is not for eliciting information as to how the fertilisers have moved. There is the PAC Report. Certain findings are there. Certain charges seem to have been substantiated and made on the floor of the House. The hon. Minister should clarify on those. For example, these persons were given licences circumventing the Director. May I know whether it is a fact that these transport charges were made when the fertiliser had not moved to the destination at all? It had been diverted into black market channels. These are the issues at stake. Nobody says that the States did not move the fertilisers. Here he should concentrate on the PAC. The hon. Minister should say more or less on what he found in the Report of the PAC. My friend has based his entire speech on the Report of the PAC. Obviously he cannot say that the Report has to be rejected. If it is not to be rejected, then what steps are the Government going to take?

SHRI BANKA BEHARY DAS: They have come to conclusions and they have recommended certain measures.

SHRI ANN/SAHEB SHINDE: The hon. Member, Shri Gupta, is not aware of the facts as mentioned in the

[Shri Annasaheb Shinde.]

notice. It has been mentioned in the notice which has been given for discussion that in the Consultative Committee of the Railways, he was told by the Railway authorities as to how it could be that at no time wagons were supplied. The hon. Member had made a contention as if there was no movement by rail. That is why I have to place all the facts ...

SHRI BANKA BEHARY DAS : As if they have denied.

SHRI ANNASAHEB SHINDE : I can give you ...

SHRI BANKA BEHARY DAS : You tell me how many times you asked and they refused particularly from Bombay to Sindri. That is the longest distance.

SHRI ANNASAHEB SHINDE : I can give you all the facts. (*Interruption*). There is a prescribed procedure. If movement takes place by road, there is a procedure prescribed by the Government of India when the State Government asks for reimbursement of the expense. Now, what is the procedure? The procedure is, first of all, whether the actual movement of fertilisers has taken place or not. That has to be certified by either the local agricultural officer or the Deputy District Agricultural Officer. That is for the State Government to do. Then, that has to be looked in to by the State Government and ultimately the accounts are to be audited and checked by the Accountant-General of the State Government. On the basis of the audited accounts of the Accountant-General the State Government sends a statement to the Central Government. Now, how does the Central Government come into this? We have naturally to accept the statement, duly audited and examined by the Accountant-General.

SHRI BANKA BEHARY DAS : Auditors never verify whether transport was done or not. Auditors only get the receipts and sign them.

SHRI ANNASAHEB SHINDE : It is for the State Government. The Central Government, for instance, extends assistance for various developmental activities even as a part of the Plan and some funds are at times not properly utilised. This does not mean that Cen-

tral Government is responsible for all. The State Governments are responsible entities and we have to rely on them.

SHRI T. V. ANANDAN (Tamil Nadu) : The funds of the Central Government shall not be squandered. That is the question. The Member is pointing out that.

SHRI ANNASAHEB SHINDE : Now, Sir, when the audited accounts are submitted to us by the Accountant-General of the State Government, I do not think that as far as my Ministry or the Government of India is concerned, we can go behind them. If it is a failure somewhere, there the State Government will have to take action.

In this case what has happened is, on the basis of the audited accounts and statements by the Accountant General of the State Government we have made a reimbursement of the amount. I do not know how the hon. Member went to the extent of saying that the Central Government is also involved. I do not know how such a drastic statement was made. The hon. Member is a very responsible Member. As he is a responsible Member, he should have been cautious in his words. When the P.A.C. went into this matter, they thought that, something wrong had taken place and the cases should be entrusted to the C.B.I. for enquiry. The P.A.C. has naturally submitted it to the State Assembly. It is for the State Government to take decisions on this matter. When this matter was raised here at the Centre, that House or this House, I myself was replying to the debate in the Lok Sabha ; I said, "We have nothing to conceal ; we are prepared to place everything, all facts with us for the scrutiny of anybody." Therefore, I said that we have no objection even if the C.B.I. goes into this problem. Naturally I said that I will have to consult the Ministry of Home Affairs and the Ministry of Law. Then the Ministry of Law and the Ministry of Home Affairs, particularly the Ministry of Home Affairs, advised me that the C.B.I. is not competent, and is not in a position to take up the enquiry unless the consent of the State Government is obtained. This is the legal position. We may like it or not, but I may tell you that the Estimates Committee of the Lok Sabha went into this problem. They thought that this is not a very desirable position in

which the C.B. . functions under the Special Police Establishment Act. Actually they have made a recommendation to the Government of India that the law has to be amended. They have suggested amendment of the law actually.

SHRI GODE/ MURAHARI (Uttar Pradesh) : I do not know how the C.B.I. cannot go into this question. Any defalcation or fraud must be under the purview of the C.B.I. Leave alone Ministers, what about malpractices indulged in by co-operative societies, private firms, etc. ? What about that?

SHRI ANNASAHEB SHINDE : Kindly try to understand. We have to work under the Constitution, under the legal provision is. I shall be glad if hon. Members can show me any legal provision. . .

SHRI BANKA BEHARY DAS : I can show you. In Orissa the C.B.I. enquired into the dealings of Biju Patnaik and Biju Mitra with the Government.

SHRI BHUPESH GUPTA : In Hyderabad with regard to certain trusts with which Mr. Taraporewalla was involved, some transactions took place, corruption took place. It was absolutely under the State Government, Sitapur textile mill. We brought it to the notice of the House, revealed the papers showing that corruption was indulged in by the officials and Mr. Taraporewalla. At that time Mr. Nambiar was the Inspector General of Police. Shri Lai Bahadur Shastri then asked the State Government to order an enquiry and start prosecution. In fact Shri Lai Bahadur Shastri told me that prosecution had been decided upon, and prosecution was started against Mr. Taraporewalla and he was convicted. I do not go into the legal things. May I know from you whether your Government approached the State Chief Minister asking for prosecution ? The things you clarify. Do not try to take cover by saying that this is a State subject or Central subject. The same party is ruling here and in the State. Surely you can throw light on some other things.

SHRI ANNASAHEB SHINDE : The hon. Members can argue later on. I will be completing within very few

minutes. I was submitting that this was the legal position which we may like or dislike. For instance, since the hon. Members are so vehemently arguing, Sir, with your kind permission I will read an extract from the 70th Report of the Estimates Committee of the 4th Lok Sabha on the Central Bureau of Investigation :

The CBI at present derives its legal power of investigation from the Delhi Special Police Establishment Act, 1946, under which its investigation division called the Delhi S.P.E. Division is empowered to investigate offences notified by the Central Government in the States with the consent of the Governments of those States.

I hope the hon. Member is listening to this.

Thus if a State Government does not consent to the jurisdiction of the CBI over the State in respect of any offence, the CBI will not be able to investigate cases even against Central Government servants or cases relating to Central Acts within the territorial limits of that State. Moreover, the CBI's non-investigation divisions like crime records, statistics, research and policy divisions, depend for the exercise of their functions upon the assistance extended by the State police. There being no legal basis for these divisions, such assistance has been forthcoming on an informal basis and is dependent on the goodwill of the Inspectors-General of Police of the States.

In the circumstances the Committee feel that it is necessary to give a statutory basis to the CBI in order to place it on a firmer and sounder footing.

This is the technical position. We have no objection to entrusting it to the CBI. In fact I have argued that it should be entrusted to the CBI. The Home Ministry also has no objection. They say they have no objection. Therefore my Ministry has addressed a letter to the State Government saying that they should concede this point and should give their consent.

SHRI BHUPESH GUPTA : Who signed that letter ?

SHRI ANNASAHEB SHINDE : The Secretary to the Department of Agriculture, to the Chief Secretary. Since we have not received any reply, I am again thinking of asking my department to send a reminder immediately to the Andhra Government. This is the position as far as the CBI enquiry is concerned.

As far as the facts are concerned, I am not going into them because some of the cases are already under investigation by the local CID. I do not think I should say something either this way or that way because it is for the investigating agency to go into facts. As I have already said, some anti-social elements wanted to exploit the situation. It was not a desirable thing. I am very unhappy because it has happened in Andhra State which is one of the States in the country—and you yourself, Sir, come from Andhra—where there is so much fertilizer-consumption consciousness. It is one of the States where fertilizer consumption like Punjab is very high. Unfortunately the popularity of fertilizer has been exploited in this way.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : I think you will agree that for the good name of Andhra Pradesh and the Central Government this matter should be cleared as early as possible.

SHRI ANNASAHEB SHINDE : I quite appreciate it.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : I think the Agriculture Minister should write to the Chief Minister.

شہری شہر خان (میسور) : وائس چیئرمین صاحب - ہاوس کی تک چلنے والا ہے ؟

[श्री शेरखा (मैसूर) : वाइस चैयरमैन साहब, हाउस कब तक चलने वाला है ?]

SHRI BHUPESH GUPTA : People do not eat fertilizer. The question is that it has not been utilised by the people for whom it was meant. It has been diverted to the blackmarket.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Let him know . . .

t[] Hindi transliteration.

SHRI ANNASAHEB SHINDE : I appreciate what you said. If after sending the reminder the Andhra Government does not respond, we will write even at the political level; we shall take up with the Andhra Government.

Only one point I would like to make. Fortunately, despite some of the malpractices indulged in, our agricultural development has been going on. Fertilizer availability is very easy in the country. We have taken certain policy decisions so that such malpractices are not indulged in. First of all we have now completely removed the restrictions on the distribution of fertilizer. Anybody can become a distributor of fertilizer. So nobody's protection or partonage is required to become a distributor of fertilizer.

SHRI BHUPESH GUPTA : Can I become ?

SHRI ANNASAHEB SHINDE : Yes, yes. Both of you. As far as the movement by road is concerned we are taking steps so that these malpractices are not indulged in. I would like to request State Governments to take precautions so that public funds are not misused in this way.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Now the Minister has finished his reply. Is it the pleasure of the House that we should continue.

SOME HON. MEMBERS : Yes.

SHRI SHERKHAN : There is no quorum.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Clarifications. Mr. Mishra.

SHRI S. D. MISRA : Mr. Vice-Chairman, I appreciate the difficulties of the Minister. He is in a pitiable condition. I can see that. A week Centre, as it is now, it cannot impose its mandate on its constituent unit, especially with Mr. Brahmananda Reddy, the Chief Minister. I appreciate his difficulty. I sympathise with him really. But I would like to know...

SHRI ANNASAHEB SHINDE : Thank you for your sympathy.

SHRI S. D. MISRA: ... whether the Minister knows that in the Report itself to which Mr. Bhupesh Gupta and Mr. Banka Behar Das have referred—this Public Accounts Committee's Report which I have also read—there are open statements given with facts and figures about trucks which passed between Madras and the various towns, cities and villages, trucks supposed to have carried fertilisers, loaded with fertilisers and which trucks were not checked at the check-posts and no records were available.

SHRI BHUPESH GUPTA : They will say that the trucks developed wings and became aeroplanes.

SHRI S. D. MISRA : And there is no record that these trucks passed at all. There are specific points in the Report. I am told that there is one Das Transport Company of Vijayawada. Will the Minister enquire? Or does he know? He might be knowing because this point has been discussed in that House and in this House. Or by the Minister I must have been informed. The Ministry Minister who is mentioned in the Report, in his name one lakh of money is debited by this Das Transport Company. And this Das Company is transporting fertilisers from Vijayawada to various villages and towns in Andhra. The Public Accounts Committee of Andhra Pradesh has made specific recommendations that both the Centre and the State Government should make enquiries and recover the illegal payments, should launch criminal prosecution against the private dealers and see to the necessary reformulation of the distribution policy of fertilisers. What is the Centre doing? I am really amazed and perplexed—a senior Minister, Shri Chavan, only last week in your presence, Sir—I remember you were here, you can see the proceedings of that day—said that *suo motu* the CBI can make enquiries.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You will find it out from the Minister?

SHRI S. D. MISRA : I can give it.

SHRI ANNAS/HEB SHINDE : The information I have given is on the basis of the advice which I received from the Home Ministry.

SHRI S. D. MISRA : The Minister here says that *suo motu* they cannot do it, that they have written to the Chief Minister there that they want his permission—he is the alleged culprit. Now, a new theory is being propounded today that those who are the culprits they must give clearance for it before any enquiry can be made against them. So they expect—Mr. Brahmananda Reddy and the other Reddy to give clearance this Government and to these Ministers at the Centre to start cases against them and to have CBI enquiry. I do not think they would be obliging the Centre. But will the Centre oblige itself by trying to find out whether their own funds are involved?

Now, Sir, I will put another question. That is my last question. I will not take much time. The Minister just now stated that these are funds which we give them in order to see that they utilise them. But what can we do? Shall I point out to him that these funds were those funds which were given on the basis of mileage, per mile tonne? Probably 24 paise per mile tonne was given or something like that was the basis. It was written there. These are fixed for actual performance, actual work, done. So if that work is not done, is it not money defalcated directly from the Central Government. Why does he take it that they are Planning Commission funds, that nobody can loot it? What is the opinion of the Minister? I understand his difficulties. Let us share his difficulties also.

SHRI GODEY MURAHARI : I am amazed at the reply given by the Minister because in the first place, the Government of Andhra Pradesh stands in the dock as far as the Centre is concerned. Misuse of Rs. 3.77 crores, defalcation and embezzlement are the charges that are being levelled against that Andhra Pradesh Minister. And for the Central Government to come and say that unless the Andhra Pradesh Government allows us, we cannot start any proceedings against them is wrong and I fail to understand how the Government would function at all in this country because every State would start doing the same thing: every Minister in a State Government will be free to loot the Central funds as he pleases. If that is the position that the Government of

[Shri Godey Murahari.] India is to take, I fail to understand why the Government of India should be given any funds at all.

I would like to know from the Government whether it is not a fact that Mr. Thimma Reddy, the Minister of Agriculture, passed orders directly under his own thumb, without even referring to the Director of Agriculture or anybody? Applications were collected and the Minister writes—I have here the Report of the Andhra Pradesh Public Accounts Committee and the Annexures wherein he has written on one application—"Dy. Director (Fer) : He may be permitted to register himself as a dealer and the following fertilisers may be allotted. Thimma Reddy". He has signed it. Here is another. He says—"Dy. Director (Fer.) May be given so much. Thimma Reddy". This is the way in which the Minister of Agriculture of Andhra Pradesh has gone about allotting fertilisers to various people. The rule was that there should be registered manure-mixing companies and only they would be given fertilisers. Here are some cases where the Minister writes on the application of some Tom, Dick or Harry that he might be registered as a dealer and give him so much of fertiliser. He is riot registered already. This is the way in which the government has functioned in Andhra Pradesh. Rs. 3.77 crores and transport charges which have been collected from the Central Government have been taken by these gentlemen, Mr. Thimma Reddy and these companies, who are supposed to be distributing fertilisers, who are not transporters of fertilisers. So they have cheated the Central Government and now you come out and say that the CBI . . .

SHRI BANKA BEHARY DAS : The Minister said, it is irregular.

SHRI GODEY MURAHARI : And the Public Accounts Committee of Andhra Pradesh says—

"Whatever might be the intentions of the Minister in following such unusual procedure, the Committee feels that it is not only extraordinary but judging from all canons of public administration is highly objectionable and improper."

This is its finding and this Minister of the Central Government says that they cannot take any action, they cannot

proceed against them. The Central Government should have taken immediate action, criminal action, against this Minister and others not only for misusing the funds that were given by the Centre but also for embezzling the Government. I can give instances about this Minister and his pet companies. There are four companies which were registered in Cuddapah District alone. The names I can read about—Soubhagya Fertilisers, Ashoka Fertilisers, Rayalaseema Fertilisers and Venkateswara Fertilisers. And there are two more companies—all in Cuddappah alone which has got 18 per cent of the fertilisers allotted to Andhra Pradesh. These companies get it. And Mr. Thimma Reddy was present at Madras on 7-12-68 in person and he passed orders.

"The Minister asked the DAO (Fertilisers) (in the Liaison Officer's office) to take this list of MM (that is manure-mixing) firms and go to the officer of the Regional Director of Food in Madras. All these papers were recommended by the DAO (F) on 9-12-1968 without prepayment and they were able to get the quantity of 1215 metric tons released from Vizag by road movement."

The Minister does all this in Madras. There is no reference to the Andhra Pradesh Government. Mr. Thimma Reddy is physically present in Madras and he passes orders on a chit of paper and the manure is supposed to have been delivered at Vizag and it is supposed to reach its destination in Andhra Pradesh, somewhere. And these lorries have never passed any inter-district check-posts. The Commercial Tax Officers' records show that there has been no lorry which has this movement inside Andhra Pradesh. The Inter-State check-posts have no record to show that these lorries have passed from Madras State to Andhra Pradesh and then some bogus entries are made in certain registers and the whole thing is done and the amount is collected from the Central Government.

SHRI S. D. MISRA : The Minister's information is that trucks were passed by air.

SHRI GODEY MURAHARI : The trucks of Mr. Thimma Reddy had developed wings to fly.

Therefore, I would like the Minister to make it clear whether the Government would launch criminal proceedings against Shri Thimma Reddy for defalcating Central Government funds.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Shri Bhupesh Gupta.

SHRI BHUPESH GUPTA: Sir, I was a little shocked by the reply which was given by the Minister. I am not holding him personally responsible, but after all the Ministers have to realise their position and their responsibility in this matter.

Sir, fertiliser is a very important commodity for our agriculture and it is also unfortunate that the peasants do not get it. It has become a scandal. The big landlords get it, because they know how to get it. They are in collusion with the authorities. Now, Sir, the Central Government has pleaded helplessness and the Minister again pointed out that under the Special Police Establishment Act, no action could be taken. Assuming, Sir, it is so, that the Central Government could not act in this matter without the concurrence of the State Government, does it mean that the Central Government has no other power to act in this matter?

What happened to Shri Partap Singh Kairon? Allegations were made on the floor of this House. Most of them related to the matters falling within the jurisdiction of the State Government—swindling and cheating and hence coming within the scope of law and order of Punjab. But then, Sir, the Government found a way out. What was that? A Commission of Enquiry was appointed under the Commission of Enquiries Act. As you know very well, Pandit Jawaharlal Nehru hesitated for a long time and only when the pressure became irresistible here on the floor of the House and elsewhere in Punjab, action was taken. The Punjab Government and the Chief Minister, in particular, would not act in this matter because they were themselves culprits. Therefore, Sir, I think, it is a fit case or reference to the Commission of Enquiry also. I demand the appointment of a Commission of Enquiry at once under the Commission of Enquiries Act to go into this matter and there the Centre has clear jurisdiction and the State cannot come in the

way. Let the Commission find out. A Commission does not convict people, I know.

Secondly, Sir, about the Central Government Act. Now I am told that the Secretary has written a letter to the Andhra Pradesh Government. Now am I to believe that Shri Brahmananda Reddy or Shri Thimma Reddy, who is no less powerful than Shri Brahmananda Reddy, is going to pay any attention to this letter and act on the advice of some Secretary of the Department? I would like to know whether the Prime Minister of India has written a letter. That is most important. Shri Lal Bahadur Shastri wrote a letter with regard to the Nizam Trust and prosecution was started on the basis of instructions. Sir, under Article 256 of the Constitution, the Central Government has certain powers for issuing directions to the State Government. May I know, Sir, whether Article 256 has been invoked with a view to giving direction to Shri Brahmananda Reddy, head of the Andhra Pradesh State Government that prosecution should be launched and certain steps should be taken? Nothing of the kind has been done. We are told, the C.I.D. is looking into this. Imagine, the C.I.D. after all is C.I.D. under the same Minister. Now am I to believe that these C.I.D. people are going to carry out forthright and honest enquiry, when such personalities as a former President of the Andhra Pradesh Congress, Shri Thimma Reddy, are involved in the matter? Certainly not. It is a pure eye-wash. It is better, if it is not there at all. As you know, Sir, in Andhra Pradesh, the Inspector General of Police, Shri Nambiar, was involved in a number of corruption cases, Tarapore-wala and others. If that be the position, what is going to be done in this case?

Sir, they say, it is an irregularity. Is it an irregularity? Nearly four crores of rupees have been swindled—pure and simple. It is 420 plus highway robbery.

SHRI S. D. MISRA : Mr. Bhupesh Gupta, it is 840.

SHRI BHUPESH GUPTA : I do not know 840, but it is 420 plus highway robbery. Surely, it is not an irregularity. Somebody has lost—the country has lost to the swindlers some four crores of rupees. Sir, I know, the Nizam lives there; you also live there. Four crores may not seem a very big amount,

[Shri Bhupesh Gupta.] but to us—a common man—four crores of rupees is a very substantial amount. Then, Sir, it is transportation charges.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Shri Bhupesh Gupta you forgot—I told him to take this matter at a higher level.

SHRI BHUPESH GUPTA : Let me tell him in my own way. Transportation charges have been made that trucks were used. Surely, they did not hop in the skies, in the air. Therefore, it is clear that forged documents had been entered. These forged documents were not intended to be as they were used only to collect money. Is it to be treated lightly like that ?

Then, another thing. The trouble with the Andhra Pradesh Ministers of the Congress is that they are so tied up with the landlords that one does not know who is the Minister; whether the landlord is the Minister or the Minister is the Minister. Everybody knows it that the landlords are protected by the Ministers and the landlords protect the Ministers. That is the position.

SHRI S. D. MISRA : It is Prime Minister's blessing.

SHRI BHUPESH GUPTA : Whether it is Prime Minister's blessing, or Shri Murarji Desai's blessing, I do not know. I agree they are quite capable of, because the Congress rulers without a living exception have blessed the wrong types of people. After all, it is with Prime Minister's blessings that Shri Murarji Desai became the Deputy Prime Minister. Sir, I will not mention about it. The Prime Minister has misplaced her blessings on more than one occasion. One important case is when only for a shabby deal, Shri Murarji Desai was made the Deputy Prime Minister. It is quite possible.

Now, Sir, I make a clear demand before I sit down. That is very important. After allowing four crores of rupees, you are ringing the bell, Sir. There should be some limit. Now we are getting used to it.

In another country, a scandal like this would have brought down the Government and would have shocked the conscience of the country. We have become absolutely cynical in

certain matters. Doesn't matter, 8 crores, 10 crores, or 12 crores; so long as the going is good in the ruling party, Sir, everything is all right.

SHRI S. D. MISRA : Ruling Congress.

SHRI BHUPESH GUPTA : At Allahabad you were also there. You are quite right. Well, it is ruling Congress. Unless you are ruling, you cannot do such things. You know it very well. After all, Shri Kanti Desai did so many things because he was a part of the ruling Congress. So, I remind him. My friend needs a little refreshing of the memory, because sometimes it fails,

7 P.M.

I demand a letter by the Government of India signed by the Prime Minister to Mr. Brahmananda Reddy that prosecution should be launched immediately against these people, those who are already mentioned by name. That is number one. Secondly, those businessmen and distributors who had been indulging in these malpractices and corruption should be blacklisted and should not find any place in further transactions. The Government departments concerned, not only Fertiliser but other departments also, should be asked not to extend to them any contract or any such thing. Thirdly, Mr. Thimma Reddy should be asked to resign. He should not be in the Government any more. Is he in the Government still ?

SHRI GODEY MURAHARI : Yes.

SHRI BHUPESH GUPTA : He never leaves. I think in fairness to himself and to his own conscience, Mr. Thimma Reddy should withdraw from the Government. And if he does not, Mr. Brahmananda Reddy should advise the Governor to drop Mr. Thimma Reddy from the Government because *prima facie* he is guilty of corruption. The analogy of Mr T. T. Krishnamachari's case is there. As you know, after the Mundhra deal, there was some hesitation in removing Mr. T. T. Krishnamachari. Even Jawaharlal Nehru did not accept the suggestion for his removal. Ultimately Nehru had to yield to the great popular demand that Mr. T. T. Krishnamachari should go. That involv-

ed a sum of Rs. 1.25 crores in LIC shares. Therefore, Mr. Thimma Reddy should . o. Finally, a commission of inquiry should be invoked, if there is any legal complications or delay, to go into the whole matter. The nation must be seized of it. As far as the CBI is concerned, nothing prevents the CBI from independently working for the Government as an agent of the Government to investigate and report to the Central Government and through the Central Government to Parliament. These are some of the steps which must immediately be taken. The distribution policy in regard to fertiliser should be gone into thoroughly by the Central Government so that the actual tillers of the soil who do not get the fertilisers do not get the fertilisers. The Government should go into this question of the entire policy of distribution of fertilisers, the landlords and others should be treated as suspects. The onus of honesty should lie on them. They should not come in in the matter of distribution of fertilisers. Through co-operatives of peasants, through peasants' organisations and other institutions in which the peasants have confidence, the fertilisers should be distributed. Again I say the Central Government is responsible to the Parliament because the Central Government is responsible for wasting not only money but a precious material, *i.e.* fertiliser, which we do not have in abundance among which we have to import sometimes from other countries. I think the Central Government's attitude is altogether unsatisfactory.

SHRI AWASAHEB SHINDE : Sir, Shri Bhupesh Gupta, Shri Murahari and my colleague, Shri S. D. Misra have made various points. Had they been good enough to listen to my arguments, perhaps they could have avoided some of these arguments which they have advanced. I appreciate the anxiety of the hon. Members in protecting public interest. But, as I said, I have to work under certain limitations laid down in our Constitution which has been accepted by all of us. Now, Sir, Shri Bhupesh Gupta went to the extent of saying that under article 256, a general directive should be issued by the Central Government to the State Government. Sir, I appreciate the hon. Member's anxiety, but what is article 256?

"The executive power of every State shall be so exercised as to

ensure compliance with the laws made by Parliament and any existing laws which apply in that State . . .

SHRI BHUPESH GUPTA : It is quite clear.

SHRI ANNASAHEB SHINDE : Does that mean the Central Government has power to issue a directive under the existing laws ...

SHRI BHUPESH GUPTA : You mean there is no existing law ?

SHRI ANNASAHEB SHINDE : ... if the laws are not complied with ?

SHRI BHUPESH GUPTA : The existing laws had not been complied with.

SHRI ANNASAHEB SHINDE : So, I do not think article 256 has any relevance here. The other point was that a commission of inquiry should be appointed. We have taken up this matter with the Andhra Government and I assure hon. Members that we will take it up even at the political level. I would submit that if we do not get a response in the near future from the Andhra Government, we will take it up at the political level and we will pursue the matter.

SHRI GODEY MURAHARI : What about resignation ?

SHRI ANNASAHEB SHINDE : About resignation and other things, I would not like to go into the merits of the case. Especially when a person is not here to defend himself, hon. Members should have better restrained themselves from making these allegations.

SHRI BHUPESH GUPTA : On a point of order, Sir, I am very surprised that sometimes even Mr. Shinde, who is supposed to be an intelligent man, says such things which I would not call nonsense but which I do not know what to call. He says the person is not here. Is it an argument ? Somebody kills outside some person and an enquiry committee gives a report here. Have we to get that person on the floor of the House ? Or do you want Mr. Thimma Reddy to be sent to the Rajya Sabha as a Member of Parliament as Mr. Biju Patnaik tried ? This is no argument. He need not be here at all. In fact, he should never be here in his life

SHRI ANNASAHEB SHINDE : I was submitting that the Public Accounts Committee of the Andhra Pradesh Assembly has submitted this report and according to the Constitution, it is for the Andhra Pradesh Assembly and the Andhra Pradesh Government to take appropriate action on the report of the Public Accounts Committee. But as I said, because of the desire of some of the Members of Parliament, of the other House and this House, we went out of the way—in fact on the basis of the report of the Public Accounts Committee, the Andhra Pradesh Government should have referred this to the Centre—and we have written to the Andhra Pradesh Government for their consent. As soon as we receive the consent, we will take the necessary steps to go into the matter. Regarding false claims of transport, etc., even from the report of the Public Accounts Committee, it appears that the claims have been made without the actual transport of fertilisers taking place.

SHRI BHUPESH GUPTA : It is not "appears to be". It is the finding of the Public Accounts Committee. Do not commit contempt of the Andhra Pradesh Assembly.

SHRI ANNASAHEB SHINDE : These matters have to be gone into. As far as the guilty are concerned, the maximum punishment should be given to those anti-social elements . . .

SHRI BHUPESH GUPTA : What is the punishment ?

SHRI ANNASAHEB SHINDE : It is for the law courts to decide. Sir, a broad issue has been raised, *i.e.*, the fertiliser distribution policy should be so formulated that such cases do not arise.

SHRI BHUPESH GUPTA : What about the dealers ?

SHRI ANNASAHEB SHINDE : I have referred to the dealers. No licence or permit is required to become a dealer. Secondly, as a result of the policy regarding fertilisers followed by the Government of India and as a result of large-scale production—the indigenous production is going up and the import programme is also there in order to make up the shortage—I am very happy to say that all over the country fertiliser availability is so easy that there is no chance for anybody to indulge in blackmarketing. So the farmers are being protected. I have nothing more to say. I thank you very much.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at nine minutes past seven of the clock till eleven of the clock on Tuesday, the 19th May, 1970.