

करना है। यदि हम जितने राज्य सभा के सदस्य हैं सब मिल कर इसे पास करते हैं तो हमारी सरकार का भी हाथ मजबूत होगा, सरकार कहेगी कि जब राज्य सभा ने एक स्वर से इसको पास किया है तो इसको करना है और सरकार को इसे स्वीकार कर लेने में कोई आपत्ति नहीं होगी।

अब, जब कि हिमाचल प्रदेश का जिक्र कर रहे थे तो किसी ने जम्मू का सवाल उठा दिया और फिर साथ ही साथ यह भी हुआ कि मनीपुर का नहीं होना चाहिये, त्रिपुरा का भी नहीं होना ही चाहिये क्योंकि ये बातें हैं। लेकिन उनको उनकी तरफ से वकालत करने की क्या जरूरत है। जिस तरह से हिमाचल प्रदेश की असेम्बली ने मांगा है क्या वहां की असेम्बली ने भी मांगा है।

THE VICE-CHAIRMAN (SHRI D. THENGARI) : Mr. Yajee, there is a statement at five o'clock. You will kindly stop now and resume your speech on the next day.

श्री शीलभद्र याजी : आगे बोलेंगे।

5 P.M.

STATEMENT BY MINISTER RE BAGALKOT CEMENT COMPANY

THE MINISTER OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS (SHRI FAKHRUDDIN ALI AHMED) : Mr. Vice-Chairman, I understand some question was raised in the morning regarding Bagalkot Cement Company Limited and certain informations were required by the hon. Members. I have great pleasure in placing the information as is available with me up to this time.

The Bagalkot Cement Company Limited is a public limited company having its registered office in Bombay and its factory in Bijapur District of Mysore State. Its authorised capital amounts to Rs. 1 crore represented by 10 lakh ordinary shares of Rs. 10 each. The subscribed capital amounts to Rs. 88,01,348 including Rs. 24,450 representing the paid-up capital of some shares forfeited.

According to the information available with the Public Trustee as on 28th June

1967, among the shareholders holding 2,000 or more shares each in this company are—

| Name | No. of shares | Percentage to the total shareholding |
|-----------------------------|---------------|--------------------------------------|
| Central Bank of India. | 1,32,333 | 15.2 |
| Governor of Mysore. | 97,600 | 11.1 |
| Unit Trust of India | 33,395 | 3.8 |
| Life Insurance Corporation. | 17,200 | 1.9 |

and 26 other companies and individuals, holding in the aggregate 1,17,864 shares working out at 13.4 per cent of the total shares. The remaining 54.6 per cent of shares are held by others in small lots.

The 1,32,333 shares held by the Central Bank of India in this company are on behalf of the H.E.H. Nizam's Charitable Trust. According to information available with us, the shares held by the Nizam Trust have been sold to Shri A. P. Jain or his nominee. The Public Trustee under the Companies Act has no right or power to stop or advise the sale or purchase of shares held by declared trusts. That power can be exercised by the trustees in terms of the Trust Deed and the general law governing the trusts. Hence, the Government has nothing to do with this transaction.

According to the information obtained on trunk telephone from the Chief Secretary to the State Government of Mysore, that Government has not sold any of its own shares in this company, and I am told that the small holdings held by the Life Insurance Corporation and the Unit Trust of India have also not been sold to anyone now.

SHRI BHUPESH GUPTA (West Bengal) : A suggestion was there, in the morning it was said and information reached here, that an attempt is being made to sell these shares. Now you say that no share is being sold. What exactly is the position? What is the meeting for? We are told a meeting is proposed to be held. I want to know the position.

SHRI FAKHRUDDIN ALI AHMED : I have already explained. I do not know all the items which will come for consideration at the meeting which is being held. But so far as the shares held by the Nizam Trust are concerned, my information is that they were sold a few days ago. Very likely that may be one of the items for consideration. So far as the shares held by the L.I.C., Unit Trust and the Governor of Mysore are concerned, my information is which I could get only on telephone, they have not been sold.

SHRI BHUPESH GUPTA : The position is this. You have admitted that some shares are being sold. Therefore, a bunch of shares are under transaction. Since the Government or the Government agencies have substantially different majority interests in this concern, naturally the question arises as to what steps are being taken in order to protect these interests as against certain other private shareholders, maybe this Trust or may be individuals, and since there is a report that this particular general body meeting of the company or other meeting of the company is held with a view to facilitating a transaction of this kind, may I know whether the Government or the authorities here have instructed their appropriate office in Bombay to find out exactly what is the position, and whether any instructions have been given in regard to this matter to those who are appearing on behalf of the shareholders of the Government agencies?

SHRI FAKHRUDDIN ALI AHMED : I would like to point out that according to my information the meeting which is being held is the annual general meeting in which all the shareholders including the Governor of Mysore and others I am sure, are represented. They will certainly take such action as is in the interests of the shareholders.

SHRI JOACHIM ALVA (Nominated) : Has the Government of India been seized of one important factor which is dodging us at every step? It looks as if they are not. If I am a malefactor, if I am already prosecuted in the courts of law, if my employees are arrested and all my transactions are in question, am I with the black-market money in my pocket permitted to go and buy up other companies owned by Government or others? Am I free to do that? How does the Government run? I shall come to brasstacks. The All-India Radio about the first week or second week of this month put out nearly at 11 o'clock at

night, when everybody was asleep but not myself; the news was not in the papers the next day, as I found out. It was reported that some Birlas' employees were arrested for alleged crimes. Here are Birlas committing fraud at one hand allowed to go to Africa, Asia and all over the world and set up fertilizer in Goa or U. P. Here is Mr. Shanti Prasad Jain, as reported, buying one set of shares when he has been prosecuted, when the Jessop and Company affair is before Mr. Justice Das, a retired Supreme Court Judge for nearly three years. Everything is scandalous. When are you going to put this state of affairs right in this country? When are you going to be rid of these financial irregularities? The hon. Minister for Industrial Development is a very strong Minister. I like him. He means to do what he wants. But I want to know how is it that these steps are taken behind him. Here is Mr. Jain. I have the highest regard for his ingenuity, greatest regard for these capacities. He is permitted to buy shares which belongs to the Nizam. Is it his grandfather's property? Is the Nizam's property personal or is it like the old case of Nizam's Sirpur Mills, Allwyns and other industrial units getting into Birla's hands? Today we have come to a point in the history of our country where we have to go ahead and force down our socialist principles or we have to allow everyone to be a malefactor. If I have money, too much undesirable money, I too will be tempted to do like that, because one example leads to another. I want this House, this Government, to be seized of this matter. The shares of the Governor of Mysore are not his personal property. The shares belong to the State, belong to the people of the State. If it must belong to the State, let the State be the master, not an individual. Today shares are being auctioned about privately, underneath and money is being passed. Here are open malefactors. If I am a malefactor, if I am prosecuted, if my employees have been prosecuted, I must not be allowed to produce the blackmarket money, which I had secretly deposited in half a dozen or other dozen places, and buy up other industries which are State or Private properties. I want the Minister to give a frank reply about this.

SHRI CHANDRA SHEKHAR (Uttar Pradesh) : May I know from the Government whether it is not a fact that Shri S. D. Patil, M. P., Member of the other House, was the Chairman of this Bagalkot Cement Company? He had the backing of the Mysore Government. With

that backing the Mysore Government had the controlling interest upon this company. Now the point under consideration is that this controlling interest is being transferred or is being manipulated to be transferred to Shanti Prasad Jain. The shares structure remains the same. The Nizam of Hyderabad Trust has sold only one portion of the shares. That portion was not previously under the control of the Government, but in spite of that the Government was having the controlling influence upon this company. That is number one. Secondly, is it also not a fact that one Mr. Tendulkar, who was the Managing Director or Chairman or someone, was involved in many criminal cases and the cases against him were withdrawn by the Mysore Government? Is it not also a fact? What happened to the shares controlled by Mr. Tendulkar? What is the position there?

The third point which I want to raise and emphasise, as my hon. friend, Mr. Alva has emphasised, is whether it is not a fact—because I heard from many friends that I am instigated by other business houses; here is the question of another business house—that Mr. Shanti Prasad Jain and this group of companies are known for fraudulent activities in this country. And in spite of it, does the Government mean that they have no power in their hands to deal with a fraudulent company, with one against whom cases are pending in the court, against whom strictures have been passed by the Vivian Bose Commission? Mr. Vice-Chairman, it is a sad and pathetic sight to see that the hon. Minister for Industrial Development and Company Affairs time and again comes before this House and says that the Government is helpless and these certain tycoons in the Industrial world can do whatever they like, they can cheat the public, they can defraud the Government Exchequer, they can violate every rule. Mr. Vice-Chairman, the most agonizing thing today is that one company where the Government was having a controlling say in the management of the company is now being manipulated and manoeuvred to be handed over to Mr. Shanti Prasad Jain, which is a notorious business house in this country and for which there should be no consideration at least at the hands of the Government. May I request the hon. Minister through you, Mr. Vice Chairman? At least Mr. Birla is very influential and the Minister is taking two years to establish a *prima facie* case. At least in this case a *prima facie* case has been established, the Commis-

sion's enquiry has been finalised, the facts have been found out. Can you not do anything against this business house? May I request the hon. Minister that he will do something to see that another concern does not go to this tycoon who is notorious for malpractices in the economic life of our country?

SHRI FAKHRUDDIN ALI AHMED :

May I just point out that so far as my information which has been given by me to the House is concerned, the Mysore Government have not transferred their shares and with their percentage of shareholding in this company, whatever hold they had in controlling this concern, I feel so far nothing has happened as will interfere with this control.

SHRI BHUPESH GUPTA : How do

you know? Even if a certain person wants to control the company even without a majority of the shares, or a large chunk, he can manage. Suppose a certain bunch of shares is transferred into undesirable hands through manipulation, obviously that equation does not remain, and those people who corner those shares would be in a position to control it. What is the guarantee that Mr. Jain is not operating in this voting and cornering the shares in order to oust people if not today, tomorrow, in order to get a controlling say over the entire company? Don't just say that they are not selling shares. If the buyer is the disreputable firm of Mr. Jain, then there is every reason for this; in fact, it should be presumed that manipulation is in progress with a view to ousting the Government or the other agencies available from the controlling position. Why don't you take that view?

SHRI FAKHRUDDIN ALI AHMED :

May I point out here that the question whether any of the institutions with which the Government is concerned have parted with the shares held by them. I have given the information, which we have obtained from these institutions, that they have not transferred any of their shares.

And so far as the Trust is concerned, we have no authority whatsoever to decide whether the shares should be held by them, should be sold by them, should be transferred by them. That is not within the jurisdiction of authority. I would have taken action if there was any provision under the law under which such action could have been taken against the trust shares, when held by people, are available for sale

[Shri Fakhruddin Ali Ahmed]

freely, which can be purchased freely, how can the Government interfere in such sale or purchase of these shares?

SHRI AKBAR ALI KHAN (Andhra Pradesh) : Sir, the hon. Minister has mentioned that the Nizam's Trust snares are being sold...

AN HON. MEMBER : Of what value?

SHRI AKBAR ALI KHAN : ... have been sold to Mr. Jain. These are the shares not belonging personally to the Nizam. The old Nizam had invested five crores and created a trust for the benefit of the people of the State. As such, the Government of Andhra Pradesh is represented in the Trust Committee.

SHRI BHUPESH GUPTA : Taraporewalla was also represented, against whom prosecution was started.

SHRI AKBAR ALI KHAN : That position has changed.

SHRI BHUPESH GUPTA : I know that. We exposed him here. Don't say that.

SHRI AKBAR ALI KHAN : I am trying to help you. What I want to know is this. Has the Minister got in touch with the Andhra Pradesh Government and tried to satisfy himself about this sale? Especially, being a Trust, everybody interested in the Trust money, can even go to the court. Has he satisfied himself that this alleged sale between Mr. Jain and the Trustees has been on the right lines?

SHRI BHUPESH GUPTA : An Inspector General of Police, Mr. Nambiar, has been found guilty and has been suspended because of manipulation, for participating in the manipulation of shares of the Nizam's Trust.

SHRI AKBAR ALI KHAN : With your permission, Sir, I would request the hon. Minister to find out from the Andhra Pradesh Government more details about this deal, about the sale of the shares of the Nizam's Trust to Mr. Jain.

SHRI FAKHRUDDIN ALI AHMED : The hon. Member wants to ascertain whether the sale is *mala fide* or *bona fide*. I shall ascertain it.

SHRI M. M. DHARIA (Maharashtra) : Mr. Vice Chairman, Sir, if we look

at the break-up of the shares of this company, as was now stated by the hon. Minister, the Central Bank held more than 15 per cent, the Governor of Mysore 11.1 per cent, the Unit Trust of India 3.8 per cent, the LIC 1.9 per cent and 26 other companies held more than 13 per cent and the rest is with others and individuals. The Central Bank is the first. About the Central Bank, he has explained.

AN HON. MEMBER : What is that percentage?

SHRI M. M. DHARIA : 15.2 per cent. It is clear that the Governor of Mysore, the Unit Trust of India and the LIC hold shares to the tune of 17 per cent. As was now rightly pointed out by one of our senior Members here those shares held by the Nizam's Trust are meant for the people and if the Government had tried, if in co-ordination with those bodies they had tried, along with that 17 per cent, there would have been more than 32 per cent of shares in the hands of the Government or with those bodies which are working under the Government. And naturally, it would have been possible for the Government to have a complete hold over this company. It has come in several reports also that those who hold shares to the tune of 25 or 26 per cent, they can have their say in those companies because they are the persons who are present and they manage to hold the affairs. Under these circumstances, why were not efforts made by the Government to see that the hold over the company lies with the Government or with those bodies which are under the Government? And will the hon. Minister state before this House about this? To the LIC, the Unit Trust of India and these public concerns they have given instructions that they may have their shares but they will keep quiet and whenever the time comes for voting, they should vote with those who hold the bulk of shares? Naturally, according to these present instructions of the Government of India, these public sector institutions are supporting the managements. And as was rightly pointed out, in many cases, these managements are either under the hold of the Birlas or the Jains who are known for their way of behaviour. Under these circumstances, why has the Government not taken any care to see and have a complete hold over this Bagalkot Cement Factory. It makes all the matters very suspicious. I would like to have a detailed statement. I appreciate the efforts of the hon. Minister because when the matter was raised in the

morning he tried to collect the information. Will he assure this House that he will go into all these details and place before the House a detailed statement? And will he make it very clear, in respect of the Government's instruction issued to the LIC, the Unit Trust, the Reserve Bank and others that wherever they hold these shares they should support those who are having the bulk of shares, that this policy will be immediately discontinued and that whatever is in the interest of the company, in the interest of the society and in the interest of the country, that policy will be followed?

Whatever is in the interests of the society and the country that policy will be naturally followed. I want these two expressions from the hon'ble Minister.

SHRI FAKHRUDDIN ALI AHMED : Being in charge of Company Affairs I can only take action as are permissible under the provisions of the Company Law. In the case of Unit Trust of India or the Life Insurance Corporation or other shareholders, it is for the shareholders to attend the meetings and protect the interests of the shareholders including the financial institutions. Such views as have been expressed by my hon. friend I shall communicate them to the Ministry concerned for necessary action in this matter.

SHRI ARJUN ARORA (Uttar Pradesh): Sir, may I know if the Minister is in a position to declare before this House that the LIC and the Unit Trust of India will not vote with Jains and will vote in a manner which will keep the undesirable Jains out of control of this Company and will he get in touch with the Government of Mysore and please see that the Government of Mysore which has a substantial number of shares in this undertaking, does not allow the undesirable Jains, severely condemned by the Vivian Bose Commission in clear terms, to get control of this concern? What is his reply to this?

SHRI FAKHRUDDIN ALI AHMED : I have already said that if the honourable Member wants I should convey the wishes of this House to the Mysore Government to see that their interests are protected.

SHRI ARJUN ARORA : What about the LIC and the Unit Trust?

SHRI BHUPESH GUPTA : Shri Fakhruddin Ali Ahmed has stated that he has no power. Off hand I cannot say because the Company Law is very voluminous

to comment on but I think he has such a power. Now that it has been revealed and that there is the reason once bitt on twice shy that so far as Jain is concerned, I think the first thing he should do is, the Minister of State in the Ministry of Finance is sitting here, he should send instruction to the LIC and others that they should report to their Ministry which could be submitted to him also and through him to the House if necessary, as to what they think the basis for this operation is. This should be done. The LIC and other organisations over which if the Ministry of Finance have any control, should be forewarned. The second thing is the Andhra Pradesh Government should be immediately written to. I say this because, we have discussed in this House and you know, the Nizam's Trust shares are utilised and manipulated either for winning companies or gaining companies or for cornering controlling agencies of certain companies, by a bulk of shares. Well, in this connection, the former Inspector General of Police of Andhra Pradesh Mr. Nambiar got into hot waters. He has been suspended. Other officers have been suspended. So we raised our voice against this kind of manipulation of Nizam Trust shares as a result of which prosecution was launched by Lal Bahadur Shastri against Taraporewala and I think he has been found guilty as a 420. Note, the 420 operation is the operation of the Nizam's Trust. Do not talk about charitable trusts etc. We know that. Therefore, find out the position from the Andhra Pradesh Government as to whether this is going to be another sugar deal share or Telco share in which the Nizam's Trust has been involved. Thirdly, the Mysore Government should also be immediately written to and approached and forewarned about it. I would ask Mr. Fakhruddin Ali Ahmed. I am not questioning his *bona fides* at all. I think one good thing he has done is at least he has come here to answer the points we raise. Some Ministers do not do so. We appreciate this thing. I think we should give him all our cooperation in this matter. Therefore, I advise him that we are giving him this cooperation not with a view to embarrass his position, but to forearm him should he want to deal with this matter. I say it is a clear case of cornering of shares. It starts with people. Utilise whatever powers you have got in order to prevent it and anyhow protect the shareholders' interests and certainly the Government's interests. Therefore, go with the opinion of the House, armed with its moral support and act against the thieves of Shanti Prasad Jain.

SHRI KRISHAN KANT (Haryana) : May I know from the honourable Minister if what my friend Mr. Chandra Shekhar has said just now is correct that S. P. Patil was made Chairman of that Company with the help of the public sector shares, it means the public sector could influence the election of the Chairman. When the public sector company shareholders came to know that Shanti Prasad Jain was going to buy these shares and have a control over them, did they ever try to go and decide that since the declared policy of the Government of India is that monopoly is not to be given an impetus, they should not allow him to get hold of the Company? Did they ever try to do this? If they did not, why not?

SHRI FAKHRUDDIN ALI AHMED : I am not aware whether the LIC, the Unit Trust of India and the Government of Mysore know that these shares are going to be sold. These transactions are not held in a general meeting. The transaction has taken place in the absence of . . .

(Interruptions)

SHRI BHUPESH GUPTA : Then ask the LIC to move a resolution.

SHRI CHANDRA SHEKHAR: Mr. Vice-Chairman, I knew this a few months back that Jains are going to take control of this Bagalkot Company. I do not know why the Mysore Government is not aware of what is happening in their own State. It is a reflection upon the efficiency and vigilance capacity of the Mysore Government.

SHRI JOACHIM ALVA : A thing like this will not happen in the United Kingdom or even in the United States of America and we allow things to pass like that in India.

SHRI BANKA BEHARY DAS (Orissa) : I want to know from the Minister categorically whether this Nizam's Trust at any time approached the Company Law Department before this change was affected or from any source the Government of India came to know and what steps they took about it. Secondly the Minister of State for Finance is sitting here. I don't know why he is keeping mum. Our information is that the Unit Trust of India and the LIC have already decided to transfer the shares to A. P. Jain. I do not know whether this news has come to them or in any file they have already informed them. Thirdly, I want an assurance from the

Minister that when this Jain and Dalma Company etc. have been branded as monopolists according to the Monopolies Inquiry Commission—already the Licensing Committee is sitting over the entire matter—whether they will instruct that as long as the matter is not finalised, not a single share either of the LIC or of the Unit Trust of India or of the Nizam's Trust will be handed over to this Company, I mean the A. P. Jain Co.

SHRI FAKHRUDDIN ALI AHMED : I do not know under what provision the on. Members are to do this.

MESSAGE FROM THE LOK SABHA

THE UNION TERRITORIES (SEPARATION OF JUDICIAL AND EXECUTIVE FUNCTIONS) BILL, 1968

SECRETARY : Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary of the Lok Sabha :

"I am directed to inform Rajya Sabha that Lok Sabha at its sitting held on Friday, the 26th July, 1968, adopted the annexed motion in regard to the Union Territories (Separation of Judicial and Executive Functions) Bill, 1968.

2. I am to request that the concurrence of Rajya Sabha in the said motion, and also the names of the Members of Rajya Sabha appointed to the Joint Committee, may be communicated to this House."

MOTION

"That the Bill to provide for the separation of judicial and executive functions in Union territories, be referred to a Joint Committee of the Houses consisting of 33 members, 22 from this House, namely:

- (1) Shri Jahan Uddin Ahmed
- (2) Shri M. Deiveekan
- (3) Shri Sanjibhai Rupjibhai Delkar
- (4) Shri K. R. Ganesh
- (5) Shri R. S. Vidyarthi
- (6) Shri K. M. Koushik
- (7) Hazi Lutfal Haque
- (8) Shri Shri Chand Goyal
- (9) Shri Vikram Chand Mahajan
- (10) H. H. Maharaja Manikya Bahadur of Tripura.