

ALLEGATIONS AGAINST MESSRS  
LAXMIRATAN COTTON MILLS

\*520 SYED NAUSHER ALI  
SHRI NIREN GHOSH †

Will the Minister of HOME AFFAIRS be pleased to state

(a) the progress made in the investigation into the allegations of Criminal breach of trust against Messrs Laxmiratan Cotton Mills, Kanpur,

(b) by when the investigations are likely to be completed, and

(c) whether Government propose to set any time limit for the completion of the investigation?

THE MINISTER OF HOME AFFAIRS (SHRI Y B CHAVAN) (a) to (c) As a result of the searches made of the premises of M/s Laxmiratan Cotton Mills Kanpur, and its allied concerns, voluminous records have been seized. These are under scrutiny and it is too early to say when the investigations are likely to be completed. Every effort is being made to complete the investigations as early as possible.

SHRI NIREN GHOSH May I know, Sir, whether an investigation commission or any such body appointed by the Government has recommended that an authorised Controller be appointed to take over immediately the Laxmiratan Cotton Mills? The mill has been closed since 6-4-66 and the Government has already lost or is due to lose Rs 1,40,00,000 as excise duty and the workers are losing at least about a crore of rupees in wages? May I know, Sir, whether an authorised Controller would be immediately appointed?

SHRI Y B CHAVAN In this matter I have not got any information.

†The question was actually asked on the floor of the House by Shri Niren Ghosh.

I was merely concerned about the conduct of investigations in the matter. I think the hon. Member will have to put his question directly to the Industries Ministry.

SHRI NIREN GHOSH The question is that this company has not paid provident fund to the tune of Rs 25 lakhs. This is breach of trust. This company is involved in foreign exchange violation. This company is involved in not paying taxes, it is a tax dodger. Let the Home Minister indicate what are the voluminous documents broadly. All types of allegations have been made. All sorts of incriminatory documents they have collected. May I know, Sir, when they will complete the investigation?

MR CHAIRMAN I think you have to put the question to the Industries Minister.

SHRI NIREN GHOSH He must broadly indicate what are the incriminating materials and documents and when the investigations will be completed. These Managing Directors come under the purview of his Ministry. Why are they not put behind the prison bars in order to facilitate the course of investigation?

SHRI Y B CHAVAN I can give some information on this particular point. On a complaint filed by the Company Law Board to the effect that the management of Messrs Laxmiratan Cotton Mills, Kanpur had misappropriated substantial funds of the company, approximately Rs 3,20,000 by showing purchases of stores through Mr A N Gupta, 75 per cent of the purchases not being supported by vouchers, that property of the value of Rs 25 lakhs of rupees was sold by Guptas to the Laxmiratan Cotton Mills and that the price of the property purchased was deliberately inflated and a certain portion of this amount has been misappropriated. These were the complaints made. Therefore, under sections 120-B, 409 and 447-A a case was registered. On that basis investigations have started.

SHRI BHUPESH GUPTA. Sir, the complaints seem to be very serious and they came from a particular department of the Union Government. May I know, Sir, in view of the seriousness of the complaints and the source from which it originated, whether the hon. Minister took it up in the Cabinet whether this particular mill should not be taken over under the Industries (Development and Regulation) Act having regard to this kind of serious complaints against the mill. Much has been accumulating for a number of years. I know, Sir, that this particular aspect does not relate to his Ministry. But Mr. Chavan belongs to that collective family, called the Council of Ministers. And, therefore, he should be well advised to tell us whether as a senior member of the Government he wrote to the Home Minister to take up this matter to consider whether the mill should not be taken over.

SHRI Y. B. CHAVAN. No, Sir, I have not taken up this matter because, I think, as Home Minister my duty was to see that the investigation was properly and expeditiously conducted and proper prosecutions took place. That was my duty as a policeman. Certainly it is a new suggestion that he has made and I will have to look into this point of view.

SHRI ARJUN ARORA. In this case various Ministries of the Government are dealing with the problem of Messrs Laxmiratan Cotton Mills. The right hand does not appear to know what the left hand is doing. The result is that the mill is closed since 6-9-66. Four thousand workers are starving. Their dependants, numbering about 20,000, are also starving. The same management which brought about the closure of the mill is involved in these criminal transactions which the Home Ministry is examining. Here also time does not seem to be the essence of the matter. The raids on the mill and its offices and the residences of the Directors were made in December 1966. More than six months have elapsed. Now the

hon. Home Minister comes and says that the matter is still under scrutiny. May I know, Sir, why there is so much delay in scrutiny and criminal action when all the papers were seized by the Special Police Establishment in 1966? And this was not the beginning. Before that, as the Home Minister has very clearly stated, there was an inspection by the Company Law Board which revealed certain skeletons in the cupboard of Mr. Ram-ratan Gupta and his associate. Then the matter came to the Special Police Establishment. It has been under scrutiny there for so long. May I know, Sir, what action is the Home Minister contemplating or taking to expedite the scrutiny?

SHRI Y. B. CHAVAN: Well, Sir, the information of the hon. Member is correct that the raid took place in December, 1966. But, Sir, a large number of documents, very complicated ones, having a bearing on many other transactions have been seized. And when these transactions have to be gone into carefully, to prove the guilt, naturally it takes time. I mean, this work cannot be done by many persons because some co-ordinating person will have to look into all these papers. I myself have gone into this matter when this question came to me. I have certainly instructed that some indication of the completion of the investigation and the date should be given to us. But, Sir, I must say at the same time that these are very voluminous documents seized. I may tell the House that personally I tried to look into this aspect why it should take so long. It was difficult for them to indicate the time they are likely to take. But I am sure they will try to expedite as quickly as possible.

SHRI M. P. BHARGAVA: May I know, Sir, whether the hon. Minister has seen the news item this morning about raids on certain mills made yesterday and whether he will be in a position to make a statement at some appropriate time before the Rajya Sabha adjourns?

SHRI Y. B. CHAVAN: I have certainly seen the news item as every one of us has seen. But I do not propose to make any statement.

SHRI HAYATULLAH ANSARI: The U.P. Government has recently announced that they intend to take over some cotton mills which have been closed by the owners. Will the hon. Minister say whether they are going to take over the Lavmiratan Cotton Mills also and if the U.P. Government are going to take it over also, will the Government of India have any objection to it?

SHRI Y. B. CHAVAN: Sir, this question does not arise out of this. I have no information on this. In reply to both Mr. Ghosh and Mr. Gupta I explained my position.

SHRI ARJUN ARORA: Sir, allow me to say that the Ministry of Commerce has repeatedly written to the U.P. Government and Members of Parliament that the Government of India have no objection.

SHRI NIREN GHOSH: It is reported to us that though the recommendation has been made to appoint an authorised Controller, the hon. Minister of Commerce is evading the issue and saying, let the U.P. Government take it over. May I know, Sir, whether in such matters it is not economic sabotage by the employer?

MR. CHAIRMAN: You are asking a question which the hon. Home Minister cannot answer. You put this question to the Commerce Minister.

SHRI NIREN GHOSH: That I say for his information. Now the question is whether keeping 4,000 workers unemployed for more than a year, resulting in loss of production to the country, is not tantamount to economic sabotage. When incriminating documents, voluminous documents, are there, what measures have been taken to prosecute him, to arrest him and do something about it? It has given rise to suspicion in the public mind that

whenever the employers or the bosses are concerned, they go scot-free.

SHRI Y. B. CHAVAN: I have no answer.

MR. CHAIRMAN: Next question.

\*521. [*The questioners (Shri Raj-naram and Sardar Ram Singh) were absent. For answer, vide cols. 4237-4238 infra.*]

#### ELECTRONIC COMPUTERS

522. SHRI P. K. KUMARAN: Will the Minister of LABOUR AND REHABILITATION be pleased to state:

(a) whether his Ministry has been consulted by other Ministries of the Government of India and statutory corporations before introducing electronic computers or similar other accounting devices;

(b) how many computers or accounting machines are now in use in the Central Government;

(c) the number of jobs which become redundant because of the introduction of the devices mentioned above; and

(d) whether the surplus employees have been re-employed elsewhere?

THE MINISTER OF STATE IN THE MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION (SHRI L. N. MISHRA): (a) No, Sir. Since November 1966, the Department of Economic Affairs consult the Department of Labour and Employment on new applications for the import of computers.

(b) to (d) The information is not available as no such survey has been conducted so far.

SHRI P. K. KUMARAN: Is the Government aware that in several public sector undertakings—Railways and Corporations—these computers and calculating machines have been installed and as a result, many clerks have been rendered surplus, at least?