

of Salt Cess collected during the last five years is as under :

	Amount Rs.
1961-62	85,08,626
1962-63	79,60,649
1963-64	83,72,408
1964-65	81,68,231
1965-66	86,55,517
(up to Feb. 1966)	

(b) Amount spent on the Development of Salt Industry during the last 5 years is as follows :

	Rs.
1961-62	4,57,485
1962-63	6,19,681
1963-64	6,29,199
1964-65	6,41,601
1965-66	3,45,670
(up to Feb. 1966)	

दण्डकारण्य में सीमेंट का कारखाना

172-ए. श्री राम सहाय : क्या उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) दण्डकारण्य परियोजना के अन्तर्गत सीमेंट का कारखाना स्थापित करने के लिए भारतीय सीमेंट निगम द्वारा की गई जांच पड़ताल का क्या परिणाम निकला; और

(ख) यह कारखाना कब तक काम करना आरम्भ कर देगा ?

†[CEMENT FACTORY AT DANDAKARANYA

172-A. SHRI RAM SAHAI: Will the Minister of INDUSTRY be pleased to state :

(a) the outcome of the investigations by the Cement Corporation of India for setting up a cement factory under the Dandakaranya Project ; and

(b) the time by when this factory will be commissioned ?]

उद्योग मंत्री (श्री डी० संजीवैया) :

(क) और (ख) जगदलपुर के क्षेत्र में अभी खुदाई का कार्य हो रहा है। ठीक स्थान तथा कारखाने के शुरू करने के बारे में

अन्तिम निर्णय इस कार्य के परिणामों के मिलने पर ही किया जायेगा।

†[THE MINISTER OF INDUSTRY (SHRI D. SANJIVAYYA) : (a) and (b) Drilling operations are still in progress in the Jagdalpur area. A final view on the exact location and the time of commissioning will be taken only after knowing the results of these operations.]

12 NOON

STATEMENT RE UNSTARRED QUESTION NO. 10 (a) ANSWERED ON THE 5TH MAY, 1966

LOCATION OF FIFTH STEEL PLANT

THE MINISTER OF IRON AND STEEL (SHRI T. N. SINGH) : Mr. Chairman, on the 5th May, 1966, in part (a) of Unstarred Question No. 10 by Sarvashri Ram Singh and G. Murahari, it was asked whether it was a fact that the Chief Minister of Andhra Pradesh had written to the Prime Minister on the question of locating the fifth steel plant at Visakhapatnam. In reply to this, I had stated 'No, Sir'. We had consulted the Prime Minister's Secretariat before giving the reply.

It has now been brought to my notice by the Prime Minister's Secretariat that the Prime Minister had received a letter from the Chief Minister of Andhra Pradesh in which a reference to the location of the fifth Steel Plant at Visakhapatnam had been made. Due to an unfortunate mistake in the Secretariat we came to know of this letter only after the reply to the Question had been placed before the House. In view of this, the reply to part (a) of the Question may be read as 'Yes, Sir*.

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

REPORTED REQUEST OF THE JAYANTI SHIPPING COMPANY FOR A LOAN OF RS. 3 CRORES FROM THE GOVERNMENT OF INDIA

SHRI DAHYABHAI V. PATEL (Gujarat) : Sir, with your permission, I call the attention of the Minister of Transport, Aviation, Shipping and Tourism to the reported request of the Jayanti Shipping Company for a loan of Rs. 3 crores.

†] English translation.

from the Government of India, and the action Government propose to take in regard thereto.

THE MINISTER OF STATE IN THE MINISTRY OF TRANSPORT AND AVIATION (SHRI C. M. POONACHA) = Sir, as the House is aware, Government have appointed a two-man Committee to look into the affairs of the Jayanti Shipping Company. The Committee consists of Shri Y. N. Sukthankar, Government Director on the Board of Directors of Indian Shipping Companies and Shri S. L. Bhalla, a nominee of the Comptroller and Auditor General of India. In addition, the Committee has been empowered to associate a shipping expert and a foreign ex-chang* expert with its work, as and when necessary. The terms of reference are as follows :

- (i) To look into the allegations made in Parliament and in the letters received by the Government and the Shipping Development Fund Committee against the Jayanti Shipping Company and its management in regard to the accounts and affairs of the Company.
- (ii) To scrutinise all the relevant facts relating to the management and operation of the company since its incorporation.
- (iii) To examine and inspect the accounts and other documents, as may be necessary, with a view to assessing its financial position and ascertaining whether the foreign exchange earned has been duly accounted for.
- (iv) Any other specific matter which may be referred to it by the Government or the Shipping Development Fund Committee.

The Committee was appointed on 18-4-66 and has been asked to submit its report within two months.

The Committee has already started its work and has visited the Company's offices at Bombay and Delhi.

Meanwhile, the following proposals have been received one after the other from the

Jayanti Shipping Company for the consideration of Government:

- (i) A written request from Shri Lalji Mehrotra, the then Vice-President of the Jayanti Shipping Company, was received on the 23rd April, 1966, for a loan of Rs. 1 -5 crores to Jayanti Shipping Company to enable them to tide over their present financial difficulties. The basis of this request was that according to Shri Mehrotra, the total current liability of the Company was about Rs. 2 -65 crores out of which Rs. 1-15 crores could be treated as rotating credit, but the remaining Rs. 1 -5 crores had to be paid off urgently. Subsequently on the 29th April, 1966, Shri Mehrotra intimated that the above-mentioned figure of Rs. 2 -65 crores was incorrect and that the total current liabilities of the Company were of the order of Rs. 4 -58 crores. He, however, did not indicate whether this meant that the Company was now seeking from Government a higher loan than Rs. 1 -5 crores previously indicated. In the same letter dated 29-4-66 Shri Mehrotra also stated that he had resigned from the Vice-Presidentship as well as the Directorship of the Company.
- (ii) On the 29th April, 1966, the following telex communication was received from Dr. Dharma Teja in London :

This was addressed to the Secretary, Ministry of Transport and Aviation—

"I as principal shareholder of Jayanti Shipping Company Limited request you as Secretary, Ministry of Transport to arrange for equity participation as to make them absolute majority shareholder. This action if taken instantaneously would preserve Jayanti Shipping Company and enable Indian Shipping to preserve its dignity—Jayanti Dharma Teja."

- (iii) After arrival in India, Dr. Teja had some discussions on the 6th May, 1966, after which he submitted a fresh proposal in writing on the 10th May, 1966,—actually

[Shri C. M. Poonacha]

it was received on the 10th, it was dated 9th—in which he has withdrawn his two earlier proposals mentioned above and has asked for permission to sell two non-loan ships and one loan ship in order to obtain funds to meet the current liabilities of the Company. This last proposal is now being examined by Government. Since the matter is still under consideration of Government, it would not be possible to give more details at this stage.

SHRI DAHYABHAI V. PATEL :

The notice of Calling Attention, I may draw your attention, Sir, is dated the 30th of April, and many things have happened since. I would like to know from the hon. Minister whether he is aware of the assurance given by his predecessor Shri Raj Bahadur that Government had a completely water-tight agreement with the Jayanti Shipping Company and its Directors and that all the monies advanced were quite safe. Is the hon. Minister in a position to assure this House and the country that assurance still stands and that the amount of monies advanced to the Jayanti Shipping Company by the Government is safe? May I know whether the Government is aware that there is hardly any asset left of the Company that is not mortgaged, and some of them have been mortgaged once, twice or three times and there is a long queue of creditors waiting at the door of the Company in Delhi and elsewhere to get their monies whether they are salaries of employees or whether they are deposits collected from innocent people by rather catchy advertisements?

SHRI C. M. POONACHA : As for the loan that has been advanced to this Company and the securities that have been offered, I could safely reiterate that Governments' interest is fully and safely secured and safeguarded. A loan amount of Rs. 20-25 crores was sanctioned as against the purchase of 11 new vessels, and in the first instance at the time of delivery of each vessel, 10 per cent was to be paid by the Shipping Development Fund Committee and of the balance 90 per cent, 10 per cent is payable by the Jayanti Shipping Company themselves. The balance 80 per

cent is spread over a period of seven years to be paid by the S.D.F.C. in 7 equal annual instalments while the interest at 5-50 per cent, is payable by the Company. The present amount actually advanced against the mortgage of all these 11 ships of the value of Rs. 22 crores is according to the latest figure about Rs. 6-25 crores; Rs. 6'25 crores have been advanced against which Rs. 22-2 crores worth of vessels are fully secured. This is the position so far as the amount that has been advanced by the Shipping Development Committee is concerned. To that extent, the assurance that was given by Shri Raj Bahadur still holds good and to that extent, there is no difficulty.

Now, there is the other part, that is the repayment of the loan and the other condition, that is to say, that the ratio between the equity capital and the loan advanced should conform to the ratio of 1:4. Now, the equity capital is displayed, exhibited by the statement of accounts of the Company amounts to Rs. 2-88 crores. But for our purpose, we have recognised the equity capital as only Rs. 2-02 crores. There has been a separate agreement in this regard. With regard to the equity capital, an amount of Rs. 1*5 crores was prescribed as the initial capital for which the company would get only Rs. 2-25 crores as loan. After that stage, additional equity capital has to be built up to maintain the ratio of 1:4 with the further loans advanced. The capital formation of the company has fallen short of this requirement to some extent. This matter is being looked into. Barring this, there has been no default, as such so far as the money advanced to this company, the payment of instalments and the general pattern of the equity and the loan amount ratio is concerned. But there have been serious complaints against the overall management of the Company. The Company, in addition to the 11 loan ships, has also acquired 11 ships from out of its own resources. The Company's fleet strength is 22 at the moment, it is of the order of 5 • 3 lakh tonnes, dead-weight tonnage. They have their own vessels and then their own resources. The Jayanti Shipping Company is now operating with a fleet strength of 22 vessels, bulk carriers, court-line ships, liberty ships, tankers, etc. About the working of this

Company, there have been several complaints and since the Government's interest is also involved in the affairs of the Company, the Government, after careful consideration of all the allegations and complaints, that have been received, has constituted this Committee. The matter is being carefully looked into and soon after the receipt of the report from this Committee of Inquiry, Government would further think as to what precise action will have to be taken.

SHRI DAHYABHAI V. PATEL:

Under normal circumstances, both the Income Tax Department and the Exchange Control Department do not hesitate one minute to break into homes and hearths, into the privacy of families. They even break open the ceilings, floors, all the walls, and undergrounds to find out, on a mere suspicion, whether there is something wrong. But here in this case a special favoured treatment is given to a person, to a company against which very serious charges have been made, about the breach of foreign exchange regulations, about the breach of foreign exchange control regulations, non-compliance with the normal law of the land, non-payment of salary, irregularities about provident fund deductions, income-tax, etc., etc. Why is the Government going so slow in allowing the law to take its course? May I ask the Minister whether he considers the law to be different for persons who are under great favour and from other ordinary citizens, whether this is a *quid pro quo* for the high salary that he gave to the well-known General Kaul for three years and for employing an ex-stenographer of the late Prime Minister's office at three times his salary. Is this all for this purpose?

SHRI C. M. POONACHA : As far as the Government and its machineries are concerned, there are no two opinions about the fact that the treatment to a particular citizen, who has contravened any law of the land, would be different, no one would be treated more favourably than the other. The treatment is the same. And as for any offence that comes to the notice of the Government, the authorities concerned will take prompt action without any fear or favour. So, on that account, I do not think the hon. Member has made out any specific point to say that this particular firm has

received favoured treatment. No. As for certain complaints, we have received with regards to the accumulation of funds of Provident Fund collections of the employees and deduction at source of the income-tax of the officers serving in the Company, prompt action has been taken, moneys have been accounted for and there is nothing further to be done at the moment. Regarding the contravention of the foreign exchange regulation, the authorities concerned are at it and they are going deep into the matter. I do not think it would be right for me at this stage to give the details as to what is done and what things are not done. The matter, may I say with great humility, is being pursued with the utmost care and vigilance.

SHRI P. K. KUMARAN (Andhra Pradesh): In spite of the fact

SHRI M.P.BHARGAVA(Uttar Pradesh):
Sir, I am also a signatory to the Calling
Attention Notice.

MR. CHAIRMAN : Thank you for reminding me.

SHRI M. P. BHARGAVA: I have to remind because I am by-passed.

MR. CHAIRMAN : Very seldom does it happen.

SHRI P. K. KUMARAN : In spite of the fact what the Minister has said, it is clear that something is rotten with the Company. Some time back another director, a Member of the other House, had resigned. The Minister just now said that the Vice-Chairman of the Company had resigned. Why ? It is because something is seriously wrong there. I agree that there is a fleet of 22 ships. Now, they propose to ask for permission to sell two vessels to you to get out of their current difficulties. May I propose that the Government examine the question of taking over the Company as a whole, of paying their shareholders and taking over the entire vessels under the Government of India ?

MR. CHAIRMAN : They have made the proposal to the Government of majority shares.

SHRI ATAL BIHARI VAJPAYEE
(Uttar Pradesh): It is not being accepted

SHRI P. K. KUMARAN : Equity participation is held by them. To get out of the crisis, my proposal is for the Government to take over the whole thing.

SHRI C. M. POONACHA : This position could be examined only after the receipt of the report from the Committee that is constituted.

SHRI M. P. BHARGAVA : Thank you, Sir. While we feel reassured by the statement of the Minister that the assurance given by the then Minister, Shri Raj Bahadur still holds good, I would like to know whether the Minister is in a position to reassure the House that all the 22 ships mentioned by him as belonging to the Jayanti Shipping Company have not been mortgaged, and in some cases, mortgaged at more than one place, with the Government of India and elsewhere also and if he is in a position to assure us on that point. May I know from him as to what are the difficulties standing in the way of the Government in enforcing the conditions of the mortgage because the Minister will agree with me when I say that the condition of the Company is going from bad to worse every day. Very lately, three Directors have resigned, the employees of the Company are not being paid, there is no payment of salaries, provident fund, etc. to the employees. Then there are the creditors here at large. There is no money to be paid. And what is worse, any enquiry at Bombay or Delhi will not reveal anything because the accounts of the Company and the gross payments received are all elsewhere, not in India. May I now from the Minister how he expects that an enquiry in India will bring results, when the gross earnings of the Jayanti Shipping Company are being credited in New York and London ?

SHRI DAHYABHAI V. PATEL :
Bermuda.

SHRI C. M. POONACHA : / Sir, it is true that many of the vessels owned by the Jayanti have been mortgaged to banks and other financing institutions. I do admit that so far as their debt position is concerned they stand in a way over-extended. But it is also a fact that to give the necessary bank guarantees, their own liquid resources are also tied up which is quite a substantial sum. That liquid money is generated from out of the earnings of the

vessels. It is a fact that there exists real financial difficulty. I do admit that in so far as the administrative management of the company's affairs is concerned, there are some difficulties. They are short of liquid finances to meet the day-to-day current expenses, and in this regard the company's financial position is somewhat in a very tight corner. Besides, their administrative machinery is weak.

As for the other point whether the Government would make necessary arrangements to see that the earnings made elsewhere by the various charters are accounted for and brought to the books of the company, I am sure, the present enquiry will take care of it. Actually the terms of reference is precisely refer to the matter. We are taking all necessary measures to see that the accounts and the earnings of the company are properly brought to the books. The report that we are anticipating would give us sufficient material to think as to what be done about it.

SHRI ATAL BIHARI VAJPAYEE : Sir, the Government's decision to appoint an official enquiry committee has not been very favourably received by the people. The hon'ble Minister might have seen Press comments to this effect. What is wanted is a judicial enquiry to go into the whole affairs of the Jayanti Shipping Co. May I know, Sir, what stands in the way of the Government to order a judicial enquiry under the Commissions of Inquiry Act to enquire into the affairs of the Jayanti Shipping Co. ?

SHRI C. M. POONACHA : This is a matter which relates to the working of a private sector company. Under the agreement which we have with the Jayanti Shipping Co. in respect of the loan advanced to them, there is a clause where the company's affairs, management, are open for Government's inspection and every book, every document will have to be placed before the Government for its periodical inspection. Under this provision of the Agreement, we have constituted this Committee to go into the affairs and the accounts of the company to have all the necessary information for further action. And nothing has happened which would require the appointment of a Commission under the Commissions of Inquiry Act,