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LOK SABHA

Thursday, 22nd November, 1956

The Lok Sabha met at Eleven of the Clock
[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

India United Mills, Bombay

*283. **Shri A. K. Gopalan** : Will the Minister of Commerce and Consumer Industries be pleased to state :

(a) whether it is a fact that Government had conducted an investigation into the affairs of the India United Mills, Bombay in 1953 ;

(b) if so, the result of this investigation and whether a copy of the investigation report will be laid on the Table of the Sabha ; and

(c) The steps taken by Government to set right the affairs of the Mills ?

The Minister of Consumer Industries (Shri Kanungo) : (a) Yes Sir. Two enquiries were conducted into the affairs of the India United Mills, Bombay.

(b) and (c). A statement is laid on the Table of the House [See Appendix II, annexure No. 31].

Shri A. K. Gopalan : May I know whether the managing agents were found guilty of defrauding the company's money at the expense of the company and if so, whether any steps were taken to have it reimbursed ?

Shri Kanungo : It was found after a very detailed enquiry that evidence was not sufficient to sustain a prosecution in the court.

Shri A. K. Gopalan : May I know whether the company was being managed by a board of directors of which as many as eight out of eleven were partners of the managing agency ?

Shri Kanungo : The board of directors was being changed frequently. The managing agency had thirteen partners which ultimately was changed over by one group of partners taking over.

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Shri B. S. Murthy : Is there no remedy to make the defaulters pay, if there is not sufficient evidence to prove the case in a court of law ?

Shri Kanungo : The new Companies Act makes certain provision for it.

Shri A. K. Gopalan : May I know whether it is a fact that not being satisfied with their remuneration as managing agents, they appointed a firm of consulting agents consisting of different relations of the partners of the managing agents ?

Shri Kanungo : Yes, it was found that certain transactions between a firm of selling agents and the managing agents were suspicious.

Shri Sadhan Gupta : May I know whether the company failed to pay adequate bonus to the workers and whether this failure was due to the loss caused by the action of the managing agents ; and, if so, whether any steps have been taken to make the erstwhile managing agents reimburse the company those losses, so that the workers might get their due share of bonus ?

The Minister of Heavy Industries and Commerce and Consumer Industries (Shri Morarji Desai) : May I intervene, because I have some knowledge, of these mills and I dealt with this matter ? There were quarrels among the partners, as there were as many as thirteen partners. As a result of these quarrels the Mills began to lose, and that also brought in several irregularities. The reports of the Enquiry Committee showed some irregularities, but it was not possible to take any action under the law because legally several things could not be proved. Then the question arose as to what was to be done. If drastic action was to be taken, the immediate possibility was that a few thousand labourers would have been put out of action and they would have been unemployed too. Then all the partners handed over the dispute to me and Shri G.D. Birla as arbitrators and they undertook to accept whatever we did. We were fortunate enough in settling the dispute, and eight partners went out ; five partners remained. One partner more was taken in, and the whole dispute was fortunately settled amicably, where both the sides were completely satisfied. One side was satisfied because they got their money ; the

other side was satisfied because they got the management by paying the money. And now the company is working all right. There are profits, as there should be, and there is no question of bonus now. But there can be no question of making the previous partners reimburse any loss, because it could not be proved that they had intentionally or deliberately defrauded or taken away the money.

Mr. Speaker : What was the amount of the losses ?

Shri Morarji Desai : The losses were severe, about Rs. 10 lakhs, 15 lakhs, 20 lakhs—whereas there should be a profit of Rs. 50 lakhs.

Shri A. K. Gopalan : May I know whether the total amount paid as commission to the selling agents during 1943 to 1955 was over Rs. 1.24 lakhs ?

Shri Kanungo : As to the exact amounts I have no information. But commissions were paid, some of which were considered irregular by the Enquiry Committee.

Shri Morarji Desai : The selling agency also was legally constituted. There was nothing illegal about it. But that has now been stopped as a result of the arbitration. That selling agency has been taken away.

Shri A. K. Gopalan : In the statement it is said, "These changes, it is expected would result in the better management of the Company". May I know whether this expectation that there would be better management is correct as far as the workers are concerned also ?

Shri Morarji Desai : Yes, now there are no complaints.

Central Silk Board

*286. **Shri KeshavaIengar :** Will the Minister of Production be pleased to state :

(a) whether the Central Silk Board has a publicity department of its own ; and

(b) if not, whether it has any private publicity consultants ; and

(c) if so, who are they and what are the terms under which they are being consulted ?

The Deputy Minister of Production (Shri Satish Chandra) : (a) A publicity department has been sanctioned by Government and is likely to be started shortly.

(b) and (c). No private consultants have been engaged by the Central Silk Board. The question of terms therefore does not arise.

Shri KeshavaIengar : In view of the fact that sericulture is a most useful and important item of cottage industry and the useful work done in this field would reach the agriculturists in the distant villages, may I know what steps Government have been taking in this matter to publicise the good work among the villagers in the far distant places ?

Shri Sati'h Chandra : I have said that a publicity department has been sanctioned and the staff is being recruited.

Shri B. S. Murthy : May I know whether this Board will be entrusted with the work of publicity outside India also ?

Mr. Speaker : Is it confined only to carry on publicity for the benefit of agriculturists in the country or will it do publicity outside India also ?

Shri Satish Chandra : The purpose is to popularise sericulture in the rural areas and to promote the use of silk, in India. The outside publicity is done by the Commerce and Industry Ministry.

Fertilizers from Night Soil

*288. **Shri Gidwani :** Will the Minister of Production be pleased to state :

(a) whether it is a fact that Government propose to set up plants to briquette night soil for use as fertilizers ; and

(b) if so, what is the nature of the proposal ?

The Deputy Minister of Production (Shri Satish Chandra) : (a) and (b). The possibility of setting up plants for briquetting night soil as being examined.

Shri Gidwani : Is it a fact that Chinese agriculture had benefited by the use of night soil fertilizers ?

Mr. Speaker : There is no dispute about it. The hon. Minister has only said that steps are being taken to utilise it. But there is no dispute about night soil being a good fertilizer. Any other question ?

Shri B. S. Murthy : May I know whether any foreign expert is being consulted in this matter, especially from China where this was a success ?

Shri Satish Chandra : The matter is being discussed in consultation with the Ministry of Food and Agriculture. As far as the city refuse is concerned, it is already converted into compost. Whether night soil can be briquetted and whether it will be acceptable to the Indian cultivator are all questions which have to be decided by the Ministry of Food and Agriculture.