

12.39 hrs.

CALLING ATTENTION TO  
MATTER OF URGENT PUBLIC  
IMPORTANCE

[English]

Situation Arising out of Large Scale  
Advances Made by Banks to Reliance  
and Other Industries Against Security  
of their Own Shares/Debentures

DR. CHINTA MOHAN (Tirupathi) :  
Sir, I call the attention of the hon.  
Minister of Finance to the following  
matter of urgent public importance and I  
request that he may make a statement  
thereon :—

“Situation arising out of the large  
scale advances made by banks to  
Reliance and other industries against  
the security of their own shares/  
debentures and the steps taken by the  
Government in that regard.”

SHRI S. JAIPAL REDDY (Mahbub-  
nagar) : Sir, one submission...

MR. SPEAKER : No submission is  
allowed.

SHRI S. JAIPAL REDDY : We  
wanted that issue to be discussed...

MR. SPEAKER : No question.  
Whatever is allowed is allowed. It cannot  
be questioned. There are no other rules  
for it.

SHRI S. JAIPAL REDDY : This is a  
very important matter.

MR. SPEAKER : That is why I put it  
down.

(Interruptions)

MR. SPEAKER : Not allowed. What-  
ever the Member is saying is irrelevant.

(Interruptions)\*\*

MR. SPEAKER : That is why I put it  
down, otherwise I would not have done it—  
Mr. Minister to make the statement.

THE MINISTER OF STATE IN THE  
MINISTRY OF FINANCE (SHRI  
JANARDHANA POOJARY) : Mr. Speaker,  
Sir, The Reserve Bank of India carried out  
a quick scrutiny of the accounts of several  
companies connected with M/s Reliance  
Industries Ltd, which had obtained credit  
facilities from banks against shares/deben-  
tures of that company. The report of the  
Reserve Bank of India was laid on the  
Table of the House on 24th July, 1986.  
Pursuant to the preliminary findings, RBI  
in exercise of its powers conferred under  
section 35 and 35A of the Banking Regu-  
lation Act read with Section 36 thereof and  
all other powers vested in the RBI under  
the said Act has set up a Committee on  
14.7.86 with the following terms of  
reference :

- (i) to enquire into the circumstances  
connected with the aforesaid ad-  
vances made by various banks  
during the year 1985 against the  
security of securities of shares/  
debentures of Reliance Industries  
Ltd. ;
- (ii) to determine whether or not in  
making the aforesaid advances the  
banks or any bank had acted in  
conformity with normal banking  
practices and procedures and, in  
particular, with the direction and  
guidelines issued by the RBI from  
time to time for regulating grant  
of advances against the security of  
shares/debentures;
- (iii) to determine whether the aforesaid  
advances were sanctioned within  
the powers of the respective sanc-  
tioning authorities and whether  
there were any irregularities or  
improprieties with respect to such  
advances;

[Shri Janardhan Poojary]

- (iv) to consider whether it is necessary to modify or supplement the existing directions and guidelines of the RBI for regulating bank advances against the security of shares/debentures keeping in view the interests of the banking system as also trade and industry; and
- (v) to consider any other relevant matter which may be referred to the Committee.

The Committee has been asked to submit its Report in two months.

DR. CHINTA MOHAN : Sir, I am very happy that we have a very sincere and dynamic minister to look after the banking affairs. But due to wrong economic directions and undesirable and unhygienic economic policies our country is lagging very much behind. Everyday we can see a lot of inequalities being done to poorer and weaker sections of the society.

I have come here neither as a pro-Reliance man; nor as an anti-Reliance man. I have come here to discuss in detail what the Government is doing for these industrialists in particular. To my mind it appears that Reliance is only a 1980 phenomenon.

When I look at it, before 1980 it was only a modest company which did not have much of a capital. When I cut open and see, the industry in 1970 had got a capital of Rs. 62 crores. In the year 1984-85 it had risen to Rs. 57.41 crores. When I look at the total loans, the working capital and the share capital, in the year 1976-77 it was Rs. 33 crores. But today it is about Rs. 735.68 crores.

Coming to the sales, it is a very laudable and praiseworthy thing that the chairman of the Company was able to muster much sales in the country and also outside. The previous sales in the year 1976 was about Rs. 67 crores and today it has gone upto 10 times and stands at Rs. 605 crores.

Coming to the taxes, people outside say that they have paid so much taxes with all their judicious tax system and careful systems they have come to a stage of zero taxation. In the year 1985 they have paid about Rs. 20.50 crores and the sales tax was about 1.29 lakhs.

When you look at the Reliance affairs in 1980 they have called for the debentures and there they have decided series I, II, III and IV in non-convertible debentures. They have raised about Rs. 71 crores and from convertible debentures Rs. 15 crores. When you look at in 1984, I do not know how the Government have permitted—I do not know which Finance Minister but, I think, it is the Congress Government—they conversion of this non-convertible debentures into equity.

In the year 1984 when Indiraji was the Prime Minister two letters of intent were given to the Reliance Company. At that time the Minister for Industries who was some times ex-Minister of Andhra Pradesh gave two letters of intent to manufacture petro-chemical units, namely, PTA and MEG. These two petro-chemical units are supposed to be started. Mr. Venkataraman, Secretary has recommended the letter with the condition that this particular company should not make any institutional finance in the country. At the same time they have stipulated some rule saying they should try some public shares and NRI money and some loans from outside India. In March 1985 Mr. Ambani came out with a statement that he will raise capital to the tune of Rs. 670 crores with public shares, NRI loans and foreign bank loans. After that this intelligent Ambani a big industrialist raised about 20 companies. This is what the industrialists in the country are now doing. He was able to raise some 20 companies. As per Reserve Bank of India report about 17 banks came forward and gave loans against securities. For loans against securities as per RBI rules the debt-equity ratio should be 2:1 but this company with all their influence and connivance of the officials was able to get loans worth Rs. 108 crores from 16 nationalised banks. I will give the details of the banks. The Bank

of Baroda gave Rs. 25 crores. The canara bank gave about Rs. 12.2 crores. The Bank of India has given Rs. 9.7 crores. Some foreign bank also gave. Like that he was able to get Rs. 111 crores from the banks. From the NRI he was able to get Rs. 158 crores. In total he was able to raise Rs. 270 crores as non-convertible debentures and Rs. 10 crores as equity shares. I do not know what happened a little later. The Reserve Banks of India has given a directive saying that the banks should not give an further loan for the anti-social companies, non-productive companies and also speculative companies. Even after this directive the Deputy General Manager, Bank of India has given about Rs. 5 crores collecting about Rs. 50 lakhs from different branches around Ahmedabad to this particular industry.

In the same way, Mr. Pai of Canara Bank gave a loan of Rs. 755 lakhs. I want to know, why the Government has given promotion to Mr. Pai, who was there in the Canara Bank, from the post of Deputy General Manager to the post of General Manager, after sanction of this loan. Is the banking sector really working for the betterment of the poor people of this nation? As a matter of regular practice, the industrialists in this country are collecting so much of funds in the name of different companies and are, in fact, looting the public money.

MR. SPEAKER : Please conclude now. You have taken a lot of time.

DR. CHINTA MOHAN : Finally, I would like to know, whether the sanction of loans by different banks was regular or irregular. What is the factual position in regard to the sanctioning of loans to Reliance companies? What are the Reserve Bank, the Finance Minister and Prime Minister doing in this respect? How many IAS officers and Minister are having shares in this? You have recently appointed a Committee consisting of three persons in the Reserve Bank. How many of these

three persons have got shares in this? How many people from outside India are there? How many of the top bureaucrats have been keeping money in banks outside India in the form of non-resident Indians? That is what leads to generation of black money. In the other companies, like Bombay Dyeing.....\*\*

MR. SPEAKER : It will not go on record. I have already given you fifteen minutes.

Shri Saifuddin Chowdhary.

SHRI SAIFUDDIN CHOWDHARY (Katwa) : Mr. Speaker, Sir, it is good that the so-called loan mela Minister is here to reply. Today, the subject matter of the calling attention is the situation arising out of the large scale advances made by banks to Reliance and other industries against the security of their own shares/debentures and the steps taken by the Government in that regard.

First of all, I make myself clear that I totally object to the way our financial institutions and banks are inclined to give loans to big houses. There is a great discrimination in giving loans to these people, and in giving loan to the middle class people and the poor people, the unemployed and others. On that ground, I put my objections on record.

The question is that not only Reliance secured advances and loans against their own shares and debentures—if that is unlawful, the Minister has to tell us—, but whether any action was taken to check it. The allegation is that they used that money for speculative purposes to purchase their own shares and debentures. In that regard certain revelations have been made by the RBI in their interim report; of course, that is subject to the final report and thereafter we can make our own conclusions.

The Minister has to tell us whether Reliance were given loan through their

[Shri Saifuddin Chowdhary]

various investment companies to purchase their own shares and debentures which is violative of the RBI rules. A time bound enquiry is needed.

MR. SPEAKER : That is time-bound.

SHRI SAIFUDDIN CHOWDHARY : I would like to know whether he would be reiterating that they should give their report according to the time, because otherwise this kind of prolongation and delay will again vitiate the atmosphere and bring a bad name not only to the industry but also to the Government and the public institutions. That is very important. The allegation came around, I believe, middle of May and so much time has already gone. The interim report is again subject to the final report.

Another point that comes to my mind is that according to the allegations, they floated a number of fictitious companies to secure loans. I would like to know the procedure that is there for the Government to check the antecedents of the investment companies. Did the Reliance float these companies and were they given loans and advances without checking their antecedents ?

Now, we know things about Reliance. But all the big business houses are practising the same things. How is that Sir ? Bombay Dyeing Company Limited has 55 such investment companies and almost all have the same address, i.e. the parent address. ORKAY has 16; VIP Group 12; Mafatlal 26 and Goenka 12. Even the Birlas also have them. And Tatas too. They also take loans from the Banks. In Nagpur Tatas have closed down Empries Mill. More than Rs 5000 crores are held up with the sick units. It is common knowledge to everybody that these sick units are subsidiaries of the big houses. They take money, telling that they are going to revive these sick industries, but siphon off the money to other areas and keep those industries perennially sick. And in this, the banks are also in league with the companies and they are draining our previous money by giving it to the big business houses.

An article published in the *RBI Bulletin*, July 1986 issue gives the performances of the financial and investment companies for the year 1982-83. A study was done for 307 companies and 38 of them are share trading companies. They got bank loans and their declared intention is share trading. When they get loans, they purchase shares. Knowingly, how did they allow this ? I would like to know whether you are going to put a ban on floating such kind of companies by parent houses. You have to put a ban on this. Why do they require such kind of an investment ?

Now let us come to the question of RIL. So much has been said and so much has come in the press about this. I want to know as to how many big loans were advanced to them in the past. And what was their record of repaying the loans ? Did they adhere to the schedule ? If not, then knowingly why did you not take action or why did you not check up properly before giving this kind of big loans to them again ? This is another point to which the Minister should give an answer clearly.

So far as what is given in the RBI Report is concerned, it applies to Reliance as much as it applies to the Government, to the Bank officials, and Management. What is there ? The business activity of almost all the companies who applied for loans on behalf of Reliance is stated as 'trading in yarn, fabric, shares and securities'. The purpose of the loan is generally stated as 'for working capital or for purchase of shares or for purchase of shares and debentures of RIL'. In the case of Canara Bank, although in the loan application the purpose is stated as 'for working capital', the bank had sanctioned it for the purpose of subscribing to the debentures of RIL. How is that ? These companies have applied for working capital. But when the loan gets sanctioned, it turns the other way round and it is given as purchasing of shares. Who are in league with whom ? This has to be told properly.

Now we see the conclusion made by the Interim Report. The RBI Guidelines

mentioned that the advanced against shares should be for productive purposes and these have not been complied with by the Banks which advanced large amounts of loans to the companies connected with the RIL. That has to be probed.

I want to know one thing. In our motion, other industries are mentioned. I also request the Minister to take certain big houses and set up a commission to inquire into the affairs of their financial matters. What are they doing with public money? They are sucking the money of our people and who are helping them? I just want to tell you about one instance. These Companies, Bombay Dyeing and Reliance, they were good brothers and now they are at each other's throats.

13.00 hrs.

MR. SPEAKER : Now, they are brothers and they are at each other's throats.

SHRI SAIFUDDIN CHOWDHARY : It seems like that. Though the proverb says croco does not eat crow meet but these capitalists do it. We have to go into everything and everybody. Now, I want to know whether it is a fact that some time ago, PT Five State Investment Company—a subsidiary of Bombay Dyeing—has borrowed over Rs. 25 crores in foreign exchange to invest in Indonesia and all has gone sick and the money lost. The loans came from India—Indian Overseas Bank and Syndicate Bank. I want to know whether it is also a fact that the Bombay Dyeing has issued non-convertible debentures worth Rs. 8 crores, concluded on June 28th flouting the Clause of the previous issue of debentures such as mortgage cover, maintenance of adequate profit, maintenance of power as required to pay the debenture interest. I want to know whether Nusli Wadia and Sons secured Rs. 6.07 crores loan from the Nationalised Banks (Union Bank and State Bank led Consortium). Nusli Wadia, invested bulk of this loan in the shares of Bombay Dyeing and six other companies. I want to know whether the Government will investigate into the matter, whether

it is a fact that Bombay Dyeing, a Public Ltd. Company is totally controlled by Nusli Wadia, a Private Ltd. Company whose shareholding is entirely foreign with largest share held by Nepal based Company (1) Viswa Byapar Pvt. Ltd., (2) Lekha Kiran Investment Concern Pvt. Ltd. Who are these Lekha Kiran and all, the Minister may kindly tell, us.

MR. SPEAKER : Mr. Chowdhary, you have become a good *Lekha Kar*.

SHRI SAIFUDDIN CHOWDHARY : How is it that this Nusli Wadia, a British National is allowed to carry on the entire export trade of the Bombay Dyeing? Now it reveals that these inner squabble of these Houses is destroying the business climate of the country and the Government with their private mind are helping this kind of degeneration of our economy. So a thorough Inquiry into the conduct of all these houses is very much required

With these words, I conclude.

MR. SPEAKER : Mr. Chowdhary, one thing is revealed to me. At least being a Chowdhary, I thought that you must be weak in mathematics and economics, but you are doing perfectly.

Shri Zainul Bahser.

[Translation]

SHRI ZAINUL BASHER (Ghazipur) : Sir, I am very weak in arithmetics and economics.

AN HON. MEMBER : Who, you?

SHRI ZAINUL BASHER : Yes, Sir, I have an open mind in this matter.

MR. SPEAKER : One must always keep the mind open.

SHRI ZAINUL BASHER : Mr. Speaker, Sir, two things have emerged. Reports of irregularities committed by Reliance industry have appeared in the press and magazines and the press has

[Shri Zainul Basher]

brought the irregularities before the people in the public interest. It is a good thing that the Reserve Bank has constituted a committee to look into the matter as has been stated in the statement and the committee is examining the matter from different angles. But there are some doubts in our mind. It may be due to the rivalry among the big corporate Houses. The Reliance industry has made spectacular progress and this might have been done deliberately to harass and harm them.

Mr. Speaker, Sir, I would like to quote the 'Patriot' newspapers which is not regarded as a supporter of big business :—

[English]

"It appears that the main object of the current campaign of witch hunting is to create an environment of suspicion, distrust and hostility about Reliance among decision-makers, in the bureaucracy, among bankers and the public at large so that Reliance is disabled from raising funds from the public, its project in hand are stalled and sanction of new project is delayed or stopped altogether. The objective appears to be to paralyse the company altogether."

[Translation]

This has been said in this newspaper and this is a paper which cannot be regarded as the supporter of big business community. This apprehension should not be taken lightly. True you are making investigation and you should make investigation. That aspect is before us and the other aspect is also before us. Ten years back the turnover of Reliance industry was Rs. 91 lakhs and in 1985 it reached to Rs 711 crores. As I have already said this is a spectacular progress. In spite of this if action is taken the Reliance industry will suffer a set back and face a lot of harassment at the time of investigation. But you can imagine what will be the plight of more than 38,000 depositors and investors on account of this action. The shares of

Reliance are falling constantly in the shares market and there is panic among the shareholders. We have to keep their interests in mind and also the interests of Reliance industry are not to be ignored. There is panic in the Reliance industry. The Government must protect their interests. Let the investigation go on but it is not proper to give so much publicity. Had there been no mala fide intention, such thing would have been published only once or twice. Time and again it is said that Reliance is indulging in smuggling and fraud and it is cheating the people. Such type of publicity has created panic among the depositors, investors and shareholders. They have been demoralised.

Mr. Speaker, Sir, of course, Reliance industry has adopted a new strategy. It has collected funds from the market from the middle class people. Previously, big people used to take loans from public sector banks and build their huge empires but Reliance did not adopt such a method and it deserves credit for it. I would praise Reliance that it has raised funds from those middle class people who want to take benefit of their money by investing it in shares. This has benefited Reliance and it has made progress. The shareholders also got sizable dividend and profit.....(Interruptions)

[English]

SHRI S JAIPAL REDDY (Mahbubnagar) : I am on a point of order. What are the questions being framed? (Interruptions)

[Translation]

SHRI ZAINUL BASHER : What are you saying Reddy Sahib? Mr. Speaker Sir, this time should not be counted in the time allotted to me.

Secondly, I would like to say that as our friend Saifuddin Chowdhary has said, if Reliance has committed a wrong thing, it is not alone which has done so. Other big industrial houses in this country have also committed similar irregularities. As has been stated, bank loans have been

provided to other companies also Other companies have also got loans by mortgaging shares, debentures in the way Reliance has got loans.

MR. SPEAKER : You mean all are sailing in the same boat.

SHRI ZAINUL BASHER : We have come to know about a lot of irregularities committed by Bombay Dyeing. They are as follows :

[English]

1. "Over-invoicing of second-hand DMT Plant.
2. Defaulted on its payment of 1.12 corporate tax (Yet Government gave permission to issue non-convertible debentures).
3. Nowrosjee Wadia and Sons, a private limited company of Wadia and Scindia, had total control over Bombay Dyeing and thus depriving the 33,000-odd shareholders from their due returns.
4. Flouting the clauses of the previous debenture issues, the Bombay Dyeing Company had floated issue of 8 crores non-convertible debentures. The clauses flouted are :
  - (1) Mortgage cover
  - (2) Maintenance of adequate profits and
  - (3) Maintenance of coverage required to pay the debenture interest.
5. Manipulation of profit and loss account of the year ending September 1985. Bombay Dyeing had Written to Government that commercial production started in

April 1985, but balance sheet manipulated otherwise, and thus cheating the Government, public and shareholders.

By capitalising revenue expenses of the order of Rs. 26 crores Bombay Dyeing has inflated the net block of the DMT plant without adding any assets. Subsequently, Bombay Dyeing has taken further loans against the inflation assets.

Investment and trading companies siphon off funds of Bombay Dyeing through Nepal.

[Translation]

Investigation must be conducted in their case also.

MR. SPEAKER : Inquiry should be instituted against all defaulting companies.

SHRI ZAINUL BASHER : Now I would like to put some questions in half a minute.

MR. SPEAKER : Put questions. What were you doing till now ?

SHRI ZAINUL BASHER : Was the act of companies belonging to Reliance Management and other companies taking loans by mortgaging shares and debentures illegal ? Whether only the companies of Reliance Management took such loan or other companies had also taken such loan ? The report of the Indian Express has put the loan figure at Rs. 101.83 crores whereas in the report submitted by the Finance Minister recently to the Reserve Bank, the loan given by the Government has been shown as Rs. 59.26 crores. May I know which of these two statements is correct ? Whether the names of the 16 banks given by Indian Express and the amount shown against their names are correct ? In the report of the Indian Express it has been said that these companies had taken loans by mortgaging 'F' series debentures. Is this true ? Besides Reliance, how much loan was taken by Bombay Dyeing and other Companies by mortgaging shares and debentures ?

[English]

SHRI C. MADHAV REDDI (Adilabad) : I heard with careful attention the speeches and the questions raised by the hon. Members. There is lot of confusion about all these matters in spite of the fact that there was a question in Rajya Sabha and a question here in Lok Sabha and lot of information was also given by the Finance Minister on the issue. I do not want to take time of the House by going into that. But I would like to put a few questions which are relevant. But before I do so, I would like to point out, as I have been telling this House often, that all this has happened because of the liberal policies of the Government being pursued for the last two years. The buoyant market was exploited by the big business and now it has been proved that the surplus money which was available with banks, with the people and with everybody went to certain unproductive channels. This was my charge. The episode of this company and other companies prove that the direction to which our economy was moving, was not the right direction and that the buoyant market was responsible for this sort of siphoning of funds. I am happy that the Government of India has asked the Reserve Bank of India to set up a high power committee. And that high power committee is going into all these aspects which have been asked here. I do not know the exact size of the ramifications. The committee is going into the aspect whether the Reliance Industries Ltd. has taken loans of Rs. 59 crores to purchase the shares and debentures of whether the loans were taken for other productive purposes. If they have taken the loan for the purchase of shares and debentures, then certainly it is highly objectionable and they should be punished. But, supposing, that is not so, then the share-holders should not suffer. My friend, Mr. Zainul Basher has said rightly that the real victims are the shareholders and the debenture holders. The value of their shares is going down day by day. It may be that they may suffer huge losses because there may be a distress sale. I am very happy that the Bombay Stock Exchange has now prohibited forward marketing of the shares. But that is not enough. The peo-

ple who are holding the debentures and shares, they are now suffering. This should not take too long. The Enquiry Committee which has been set up must submit its report by 15th of September. They have been given two months time. They should not take more than two months to submit their report. There should not be any extension. We would not like any extension in this matter.

Secondly, the loan which has been taken has been misused. They have been siphoned off by the Reliance Company. What is the present position? Out of Rs. 59 crores how much loan has been repaid so far as on date? What is the loan repaid by the company? If not, what has happened to that? Is the Government going to recall the loan if it is proved that the loan was not used for which it was given and the objective has not been served?

I would like to know, is the Government of India going to look into the other aspects of the matter? Is Government of India going to set up another Committee or is the existing Committee going to see that the other companies which had indulged in similar activities or even worse than this, will be brought to book? Are you going to investigate that?

When this question was put to the Finance Minister, he observed we are not here for a wild goose chase.

It is not so. I have given a complaint against several other companies who are indulging in this type of practice. I would like to know what action is going to be taken on this particular complaint and I do not want any excuses because you can always say-well it all appeared in the newspaper and we do not take cognisance of what appears in the newspaper. But that is the main thing on which the whole thing started. So much information is available with the Members of Parliament. Every Member is getting truck-load of material. Every day, from all sides, all material we are getting. It is very difficult for us to discern and to find out what is right and what is wrong.

Shri Vishwanath Pratap Singh is known for his integrity and honesty. I hope he is going to separate water from the milk and he is going to tell us what is true and what is not.

**SHRI BHATTAM SRIRAMAMURTY** (Visakhapatnam) : The Call Attention Motion refers to the large scale advances made by the banks to Reliance and other industries. Reliance has been given favoured treatment at the hands of the Minister. In his own reply he has referred to Reliance only and not to the other industries. He has not touched the other industries. What is the reason ? Is it the attitude that the Minister wants to deal with a particular group of industries ? Is it proper ?

It is on the basis of the Reports of the Indian Express and Financial Express that the Ministry instituted an enquiry. There is nothing wrong about it. What is the Government machinery doing ? Are they sleeping ? Only when the daily papers publish the report the Government wakes up. Prior to it, it does not act and it does not go into the matter. After the publication of the report, the Government appoints a Committee and does all sorts of things. I would request the minister to consider this aspect also.

\* In the Call Attention Motion, it is very clearly stated—the Bank advances loans to the Reliance and other industries against security of their own shares, What are the steps taken by the Government in that regard ?

May I know whether advancing loans against the security of shares and debentures was devised exclusively to flavour the reliance management companies ? May I know whether some other big firms and companies were not advancing loans against security of shares and debentures ? If loan is given to Reliance, is it the normal practice ? Is it or is it not done in the case of various firms and companies who come within the ambit of this Call Attention Motion ? Sir, on the 20th, the Deputy Governor, RBI, addressed a circular letter to all the scheduled banks. It says :

We have come across recently several instances where banks have sanctioned substantial credit facilities to many companies and firms for the purchase of shares and debentures.

Sir, he says, we have come across several instances. Not only Reliance. But several instances have been brought to the notice of the Government. The RBI Deputy Governor says this. But no reference was made to any of these firms by the Minister. I have nothing to speak particularly favouring Reliance. If they are wrong, hang them up; take stringent action against them. You have to see whether they are wrong or they are not wrong. You will have to verify and look into it. This Reliance incident is only the tip of the ice-berg. There are several skeletons in the cupboard. There is something wrong with the administration of the banks. And therefore, why not a House Committee be constituted to go into the whole question ? Let them go into all the frauds committed by various public sector nationalised banks. Let them go into the matter how the officers and the management of private firms are in league with each other to defraud the nation of crores of rupees. Let a Committee of the House be constituted to go into the matter. It is otherwise difficult for him to take the entire burden on himself alone. I want to tell one thing to the Minister. Several things were published in several reputed weeklies against Bombay Dyeing etc. It is not morely about Reliance. About Reliance I don't hold any brief for them. But I may point out why no word is said by the Minister about Bombay Dyeing. Is it because one of the Union Ministers has financial and business interest in Bombay Dyeing as was published in such weeklies ? In several sections of the Press, one of the Ministers of the Union Government was alleged to have flouted the FERA regulations. He was associated with Bombay Dyeing which is coming under his protective wings. I am not referring to all the points raised by my friend Mr. Jaipal Reddy in this behalf. Therefore, when such a situation develops in Bombay Dyeing that matter requires to be dealt with equally in a firm manner.

[Shri Bhattam Sriramamurty]

Sir, 100 Members of Parliament—as per the Press Report—have presented a Memorandum to the Prime Minister to go into the affairs of Reliance which has siphoned off 100 crores of rupees. What is the action taken? Is any enquiry being instituted into the matter? What are you going to do about it? May I know whether you received any such memorandum? If so, what is the action to be taken? A CBI enquiry is stated to have been instituted against Reliance company for the leakage of import policy and duty-hike on the import of PTA. If that is so, what has happened to that report? Will that report be placed on the Table of the House?

The hon Minister has stated that Loans may be recalled, if they are not used for the purpose for which they are given. I want to know whether any such instance (of recalling of the loan) has come to your notice? If so, may I know whether any proceedings were instituted to recall the loans under such circumstances. The Chairman, RIL (Reliance India Ltd) has stated that not a single F Series debentures were held either directly or indirectly by his family. What I want to know is this. Is this a fact? Why not you make the position clear? I wish to know about it. Let the hon. Minister reply to all the points raised by me. Thank you.

THE MINISTER OF STATE IN THE  
MINISTRY OF FINANCE (SHRI  
JANARDHANA POOJARY) : Sir, I am  
thankful to the hon. Members for giving  
me an opportunity to come before them  
and to supplement what we have stated in  
the Parliament, both in Rajya Sabha and  
Lok Sabha.

Sir, You are aware of the fact that  
this has been answered once in this House  
also. That was Starred Question 26. The  
reply was given in detail. The hon.  
Member, Shri Reddy has stated that there  
is a lot of confusion created and we should  
clear it. The hon. Member. Dr. Chinta  
Mohan and also the hon. Member Shri

Zeinul Basher in the beginning of their  
speeches made it very clear that there  
should not be any witch-hunting and the  
Government should be fair and impartial  
and we have to go into all aspects. Here  
the Government has made it very clear  
that we are not going to suppress anything  
from the Parliament and will not support  
or will not witch-hunt anybody, but when  
the high level Committee has been  
appointed with the clear objective of  
going every aspect that has been raised  
not only today, but earlier also raised in  
the press and at other places giving some  
material, all these things should be looked  
into. For that purpose, Sir, a high level  
committee has been appointed.

AN HON. MEMBER : Is it for  
Reliance or...

SHRI JANARDHANA POOJARY :  
I will come to all aspects. Please bear  
with me for some more time. (*Interruptions*).  
Sir, so far as the Reliance is concerned,  
a high level committee has been appointed  
and we are waiting for its report and  
when the report comes before us, we will  
take appropriate action. If there is any  
violation, definitely we will take action  
against such people and also if there is  
no violation, if they are innocent, then we  
are not going to take any action against  
innocent people also. At the same time,  
guilty persons will not be allowed to go  
scot free. This is the thinking of the  
Government. This has been made very  
clear. (*Interruptions*). Sir, here as the hon.  
Members wanted; I feel this type of  
justice...

MR SPEAKER : They want to know  
about other companies also.

(*Interruptions*)

SHRI JANARDHANA POOJARY :  
You are not allowing me to speak. Why  
should there be this anxiety?

(*Interruptions*)

[*Translation*]

SHRI HARISH RAWAT (Almora) :  
Since the committee has been appointed,  
it should be asked to—

MR. SPEAKER : You have already made your point. Why are you interrupting ?

SHRI HARISH RAWAT : Mr. Speaker, Sir, we seek your protection.

[English]

SHRI JANARDHANA POOJARY : I appreciate the anxiety of the hon. Members.

AN HON. MEMBER : Why are you shielding...

SHRI JANARDHANA POOJARY : Sir, for the information of the hon. Members we are not shielding anybody. (Interruptions). Sir, I will first come to their anxiety as to what we are going to do about it. We have not spared any person. We are not going to spare any person if they violate it. I am just bringing to the notice of the Hon. Members that not only we are going into to the reports that have appeared the Press, if the Members are having some more materials they can pass them on to us and if specific instances are brought to our notice we will order investigation. We will not spare any person if found guilty. For that I am requesting the Hon. Members that if they are going to send some materials to us, definitely we will order an inquiry and we will look into it.

SHRI BHATTAM SRIRAMA-MURTY : Why don't you constitute a Committee of the House ?

SHRI JANARDHANA POOJARY : We are not constituting it. So far as violations and other things are concerned, the Hon. Member is a knowledgeable person, let us not delink the authority of the Reserve Bank of India. Let us place trust in the authority of the Reserve Bank of India. When they place their report and when they come with their findings, if there is anything which calls for action, definitely we will take action. At that time if there is any violation and if there

is an element of criminality involved, if required, we can give it to CBI and to police also.

SHRI ZAINUL BASHER : I have given some information about Bombay Dyeing. What is he going to do about it ?

MR. SPEAKER : That is what he has said that he will take action on whatever you have given.

(Interruptions)\*\*

MR. SPEAKER : Mr. Vishnu, you are not allowed.

(Interruptions)

MR. SPEAKER : Mr. Zainul Basher, he has already announced that he will take action against anybody found guilty. He has already said that.

SHRI JANARDHANA POOJARY : For taking action our Hon. Members can supply the information.

SHRI ZAINUL BASHER : I have already supplied.

SHRI JANARDHANA POOJARY : Please don't get excited. You know that. You place your hands on your heart and say whether the Government has gone back from taking action against any person found to be guilty.

13.33 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

The action of the Government is very clear and we are fighting against corruption, we are fighting against lethargy, we are fighting against inefficiency. It is within your knowledge that we are not going to side with any person and there will not be any witch-hunting also. This is the assurance I am going to give.

(Interruptions)

MR. DEPUTY SPEAKER : Order; please. MR. Datta Samant, why are you standing? I have not allowed anybody.

*(Interruptions)\*\**

SHRI JANARDHANA POOJARY : With your permission I would say that some allegation has been made by the first speaker that with the help of a Minister loans have been given. I refute the charge. The Hon. Member himself has said in the beginning what is the integrity of the Ministers in the Finance Ministry. So, I refute the charge that has been made here.

So far as Bombay Dyeing and other things are concerned, I have already replied.

*(Interruptions)*

MR. DEPUTY SPEAKER : He has said that he will take action based on that.

*(Interruptions)*

DR. CHINTA MOHAN : Has anyone of the members in that Committee appointed by the Government got shares in any one of these companies?

SHRI JANARDHANA POOJARY : If you kindly go into the terms of reference it is very clear. It is said that even the impropriety will be looked into, including that of Ministers. Don't worry.

SHRI SAIFFUDDIN CHOWDHARY : I asked several questions including a very relevant one and that is what is given in the Press about Reliance.

MR. DEPUTY SPEAKER : He has said that he will inquire. Inquiry is going to be conducted. They have already formed the Committee. They will find out. He has said that he will take action.  
*(Interruptions)*

13.35 hrs.

### BUSINESS ADVISORY COMMITTEE

#### Twenty-Seventh Report

*[English]*

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT) : Sir, I beg to move :

“That this House do agree with the Twenty-Seventh Report of the Business Advisory Committee presented to the House on the 12th August, 1986”.

MR. DEPUTY SPEAKER : The question is :

“That this House do agree with the Twenty-Seventh Report of the Business Advisory Committee presented to the House on the 12th August, 1986”.

*The Motion was adopted*

*[English]*

13.35½ hrs.

### MATTERS UNDER RULE 377

- (i) Demand for television station/television relay station in Kanya Kumari district.

SHRI N. DENNIS (Nagercoil) : Providing television facility to the people of Kanyakumari district in the long standing wish and anxiety of the people of this area. Now this part is left out and isolated without television facility. People here have been representing for long for this facility. Commissioning of TV station at Trivandrum did not improve the situation in Kanyakumari district. Not only that it is not visible but the programmes of the Trivandrum TV station are mainly in Malayalam and they are arranged to suit the