

Consolidated Fund of the Union territory of Pondicherry for the services of the financial year 1976-77."

The motion was adopted.

SHRIMATI SUSHILA ROHATGI:
 Sir, I introduce the Bill

I beg to move†:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the Union territory of Pondicherry for the services of the financial year 1976-77 be taken into consideration".

SEVERAL HON. MEMBERS: Sir, we want to speak on this.

MR. CHAIRMAN: On Demands you already had an opportunity to speak. This is not the stage when you can speak again.

The question is:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the Union territory of Pondicherry for the services of the financial year 1976-77, be taken into consideration".

The motion was adopted.

MR. CHAIRMAN: We shall now take up clause by clause consideration.

The question is:

"That Clauses 2 and 3, the Schedule, Clause 1, the Enacting Formula and the Title stand part of the Bill".

The motion was adopted.

Clauses 2 and 3, the Schedule, Clause 1, the Enacting Formula and the Title were added to the Bill".

SHRIMATI SUSHILA ROHATGI:
 I beg to move:

"That the Bill be passed".

MR. CHAIRMAN: The question is:

"That the Bill be passed".

The motion was adopted.

17.28 hrs.

BURN COMPANY AND INDIAN
 STANDARD WAGON COMPANY
 (NATIONALISATION) BILL
 AND
 BRAITHWAITE AND COMPANY
 (INDIA) LIMITED (ACQUISITION
 AND TRANSFER OF UNDERTAK-
 INGS) BILL

MR. CHAIRMAN: We shall now take up item 15.

THE MINISTER OF WORKS AND
 HOUSING AND PARLIAMENTARY
 AFFAIRS (SHRI K. RAGHU
 RAMAIAH): May I suggest that
 items 15 and 16 be taken together
 and the general discussion may go
 on, because the points are common?

THE MINISTER OF STATE IN
 THE MINISTRY OF INDUSTRY
 (SHRI B. P. MAURYA): Both are the
 same and it will save time.

MR. CHAIRMAN: If that is the
 wish of the House, we can take them
 together and club the timings, 1-1/2
 or 2 or 3 hours and members can
 speak on both the Bills. Is that the
 wish of the House?

SOME HON. MEMBERS: Yes.

SHRI INDRAJIT GUPTA (Ali-
 pore): For discussion.

†Introduced/Moved with the recommendation of the President.

MR. CHAIRMAN : Yes.

SHRI K. RAGHU RAMAIAH : I only submit that we need not necessarily spend 3-1/2 hours on them. We can take as much time as is necessary.

MR. CHAIRMAN : That follows.

SHRI B. P. MAURYA : I beg to move* :

"That the Bill to provide for the acquisition of the Undertakings of the Burn and Company Limited and the Indian Standard Wagon Company Limited with a view to ensuring the continuity of the production of goods which are vital to the needs of the economy of the country and for the fulfilment of the contracts for the supply of railway wagons abroad and for matters connected therewith or incidental thereto, be taken into consideration";

"That the Bill to provide for the acquisition and transfer of the undertakings of Messrs. Braithwaite and Company (India) Limited for the purpose of ensuring the continuity of production of goods which are vital to the needs of the country, and for matters connected therewith or incidental thereto, be taken into consideration".

While the discussion begins, I would, with your leave, place before the House briefly the background of the acquisition of the undertakings of these Companies, as hon. members would have had the opportunity to go through the Bills in detail by now. The President promulgated on 23 June 1976, two Ordinances (1) The Burn Company and Indian Standard Wagon Company (Nationalisation) Ordinance, 1976, and the Braithwaite and Company (India) Limited (Acquisition and Transfer of Under-

takings) Ordinance, 1976, nationalising the undertakings of these three companies with effect from April 1, 1975. Custodians have been appointed to take charge of the undertakings and companies will be formed as soon as possible to run the undertakings.

If I may briefly touch upon the background, The Burn and Company Ltd. and Indian Standard Wagon Company Ltd., engaged in the production of goods vital to the needs of the economy of the country, were doing reasonably well till 1966-67, after which a steady decline set in. A stage of financial bankruptcy with threats of imminent closure was reached and Government had to step in to take over the management on 19th December 1973 under an Act of Parliament. It was made clear at that time that the management was being taken over pending nationalisation of the undertakings. In the case of Braithwaite and Company (India) Ltd. also engaged in critical items of engineering equipment, a steady decline set in, due to a variety of reasons triggered off by the recession in engineering industries and the undertaking came to a grinding halt in 1971. After a quick investigation, Government stepped in and took over the management in March 1971. The performance of the Companies has, no doubt, been improving very considerably under the Government management but unfortunately on account of backlog of unremunerative orders, heavy interest charges on loans advanced by the Government and the banks, the financial situation has not improved. Liquidity has been low pre-empting long term production planning. In these circumstances, the President promulgated the Ordinance with effect from June 23, 1976, thereby acquiring the undertakings with effect from 1-4-1975.

*Moved with the recommendation of the President.

I would like to emphasise that Government have made full and ample provisions relating to the employees of the Companies of these undertakings. Every person who is a 'workman' within the meaning of the Industrial Disputes Act, 1947, and has been before 1-4-1975 employed in any undertaking of either of the Companies shall from that date become an employee of the Central Government and thereafter of the Government Company which is to be formed. He will have the same rights and privileges as to pension, gratuity and other matters as would have been admissible to him. Every person who is not a workman within the meaning of the Industrial Disputes Act, 1947 and who has been before 1-4-1975 employed in any undertaking of either of the companies shall become an employee of the central government with effect from 1-4-1975 or of the government company, which is to be formed. He will continue to hold office or service for the same tenure and at the same remuneration and will be governed by the same terms and conditions and with the same rights and privileges as to pension and gratuity and other matters admissible to him. Further, where either of the companies has established a provident fund, superannuation, welfare or other fund for the benefit of the persons employed in any of the undertakings, those moneys will get transferred to the credit of the central government or the government company with effect from the appointed day, 1-4-1975. If, however, there are some arrears of salary, wages or any payment not availed of (other than gratuity or pension) relating to the period prior to 1-4-1975 the person concerned has to enforce his claims against the company through the commissioner of payments.

Hon. Members would naturally be concerned with the amounts provided in the Bills for payments to the companies. I should like to reiterate that the amount of Rs. 25.23 crores provided in the Bill for Burn-ISW as well

as Rs. 16.25 crores for payment to Braithwaites have been arrived at after a great deal of careful consideration of all the relevant aspects relating to the assets and the worth of the undertakings including the liabilities as well as potential for improvement and growth. In the case of Burn-ISW the undertakings acquired by the government include not only the assets but also the liabilities arising out of the loans advanced by the central government, to the two companies after the management take-over and also the wages and salaries and other dues of the employees. These liabilities will be of the order of Rs. 13.18 crores. On the other hand, in the case of Braithwaites, the total liabilities of the company stood at Rs. 37.10 crores approximately, which includes central government loans alone amounting to about Rs. 22.95 crores. In the nature of things, it was possible for the government to adopt in the case of Burn-ISW the pattern adopted in the Sick Textile Undertakings (Nationalisation) Act, 1974 with precisely the same order of priorities for disbursement to be made through the Commissioner of payments. On the contrary in the case of Braithwaites the amount of Rs. 16.25 crores provided for payment in the Bill would hardly be sufficient to take care of the government loans amounting to about Rs. 22.95 crores. Necessarily the scheme of priorities had to be drawn up a little differently without affecting the labour dues in the post-take over management period.

In the case of Burn-ISW according to the current calculations the post-take over management period comprising of categories I and II will account for roughly Rs. 10.91 crores for both the companies. The amount that will be left over for distribution against pre-takeover management liabilities will be approximately Rs. 14.31 crores. Category III in pre-takeover period accounting for Rs. 79 lakhs on account of arrears of salaries, wages and other dues will be taken care of fully. Only when we reach category IV an amount

[Shri B. P. Maurya]

of approximately Rs.13.52 crores will be left against a total liability of Rs. 19.62 crores. Even in this category IV, there is an element of export packing credit advanced by the United Bank of India, who have been co-operating with the government in extending all credit facilities right through. In the particular context of the export contract, the quantitative volume supply in respect of which was reduced by mutual negotiation, government will assume the liability on account of any shortfall in the disbursement by the commissioner of payments. This is estimated to be Rs. 6.60 crores. The detailed position has been explained in the financial memorandum.

In the case of Braithwaites government will patently have to forego portion of the loans advanced to the companies. However, the post-takeover labour dues estimated to be about Rs. 80 lakhs has been placed in category I with first priority. Only thereafter, central government loans and the secured loans of banks and financial institutions will receive priority in the second category. Although the amount of Rs. 16.25 crores provided would not be adequate to reach pre-takeover management period, so far as arrears to labour and employees in Category V are concerned, I would like to mention that out of an amount of Rs. 78.63 lakhs due on 31-3-71 actually the Government managed company had discharged it substantially, leaving a shortfall of about Rs. 7.18 lakhs. In any case Government will have to write off about Rs. 9 crores against the loan of Rs. 22.94 crore. Since the banks and financial institutions have been extending credit facilities against Government guarantee, shortfall of about Rs. 4 crores both between post-takeover and pre-takeover periods will be separately assumed by the Government after due appropriation by Parliament by law.

Government have tried to adopt the most objective and reasonable course consistent with the worth of the undertakings, their liabilities and their potential for improvement and growth. I would urge hon. members to maintain during the discussion the delicate balance between competing equities which has been Government's exclusive objective. I am sure that, since care has been taken of all the dues of the workers all hon. members will extend their support to these Bills.

MR. CHAIRMAN: Motion moved:

"That the Bill to provide for the acquisition of the undertakings of the Burn and Company Limited and the Indian Standard Wagon Company Limited with a view to ensuring the continuity of the production of goods which are vital to the needs of the economy of the country and for the fulfilment of the contracts for the supply of railway wagons abroad and for matters connected therewith or incidental thereto, be taken into consideration."

"That the Bill to provide for the acquisition and transfer of the undertakings of Messrs. Braithwaite and Company (India) Limited for the purpose of ensuring the continuity of production of goods which are vital to the needs of the country, and for matters connected therewith or incidental thereto, be taken into consideration."

SHRI DINEN BHATTACHARYYA (Serampore): Sir, I welcome the two Bills moved by the hon. Minister. It is a fact that these companies were mainly manufacturing wagons and other materials for the railways. Their production was coming to a very serious drop and the government had to come forward to take over the management of these companies. While supporting these two Bills, I want certain clarifications from the minister. Clause 4(5) of the Burn

Burn Co. & ISW Co. BHADRA 1, 1898 (SAKA) (Nationalisation)
& Braithwaite & Co. (India) Ltd. (Acquisition, etc.) Bill

Company and Indian Standard Wagon Company (Nationalisation), Bill, 1976, reads as follows:

"If, on the appointed day, any suit, appeal or other proceeding of whatever nature in relation to any matter specified in sub-section (2) of section 5, in respect of any undertaking of either of the two companies, instituted or preferred by or against either of the two companies, is pending, the same shall not abate, be discontinued or be, in any way, prejudicially affected by reason of the transfer of the undertakings of either of the two companies or of anything contained in this Act, but the suit appeal or other proceeding may be continued, prosecuted or enforced by or against the Central Government, or, where the undertakings of the two companies are directed, under section 6, to vest in a Government company, against that Government company."

I do not know actually what is the purport of this sub-clause.

Then, clause 5(2)(b) says:

"the wages, salaries and other dues of employees of each of the two companies in respect of any period after the management of the undertakings of the two companies had been taken over by the Central Government shall, on and from the appointed day, be the liability of the Central Government."

So, for the period after the taking-over, the Government is taking responsibility for the payment of salary, leave salary, wages etc. But, so far as the pre-take-over period is concerned, it appears from the Schedule that is given here and the whole Bill that the Government is not prepared to take any responsibility for the amounts due to the workers. At the same time, the

Government is ready to write-off the big amount which the Company got as loan from the banks etc. during the period after take-over, to make up the shortfall, if any. The Government will not take any responsibility for the payment of arrears due to the workers. During the pre-take-over period a large amount of provident fund money was not deposited by these companies, specially Burn and Company and ISW. What will happen to that money of those employees who worked at that time and who are still working or have left those companies? Who will be responsible for the payment of that money? So far as I know, under the Bill the Government are taking responsibility only for the post-take-over period and not for the pre-take-over period.

The Minister has categorically stated, and it is also mentioned in the Bill, that the service conditions will be continued in the same companies of the nationalised factories. But what will happen to the head office employees? Will they continue in the head offices of their respective companies in the places where they are now situated, or will they be retrenched? That point should be made clear.

A big amount is being taken as payment to clear the liabilities of the companies for the post-taken over period. Out of this amount, will any portion be given to the shareholders and, if so, how much? If anything is being given to the shareholders, I am totally opposed to it. Because, this is one of the ten big companies in the country and it has squandered away the money of both the shareholders and the Government to a large extent. So, there is no meaning in giving even a single farthing to this Martin & Burn, which was owned by the famous Sir Biren Mukherjee, who was and who is still a big business magnate in India. So, I want to register my objection and request the hon. Minister to make it clear that not a single pie will be paid

[Shri Dinen Bhattacharyya]

as compensation to the companies or their shareholders, that only the liquid cash that was taken from the bank will be paid back with interest.

We have brought it to the notice of the hon. Minister, the employees have also drawn the attention of the Department, and it has also been mentioned here that a clique has been formed in these companies and that it is engaged in engaging its own men without proper qualifications for even important posts. I know the case of a Treasurer in Burn & Co. The post was advertised, but the man who was ultimately appointed had no qualification. The employees of the concern's head office have mentioned this in the memorandum that they have submitted to the Ministry.

I know that the same people will be given the responsibility of running the show after nationalisation, and so I want to caution Government against it. After the take-over some people were posted there from the Centre, but they also became a part and parcel of the clique that was working there. So, I request the hon. Minister to see that this type of management is not allowed to continue in these companies.

They took money from the bank, but actually nothing was done to the machines which required replacement or were in need of rehabilitation. The order position which was good at one time suddenly became bad. So, I want to know whether any report was submitted by the management before this ordinance was promulgated. Specially regarding the functioning of these plants, both Martin Burn Company and the ISW Company. So, whatever money you give, the Government has to take care that that is properly utilised.

Another pertinent question that must be taken up by the Government is this. The Railways is the main customer of these two Companies. No doubt, in the Bill, the Government has mentioned that they want to diversify the produc-

tion. That may be done. But their main customer up till now is the Railways. The price that the Railways gives is not at all remunerative for these units. This position was brought to light. In regard to Durgapur steel also, they supplied the material to the Railways and it was found that the price they paid was not at all remunerative. They did not pay even the cost price. Even in regard to foreign orders, Yugoslavia orders, I know, if you compared the price that they were paying and the production cost, it was not possible to supply wagons to Yugoslavia that were ordered for at the previous price. I think, some talks were there and there was a change in the price for the wagons to be supplied. Unless this matter is taken up by the Government with the Railway Ministry and a decision taken, it will be very difficult to say what will be the fate even after the nationalisation.

The production requires diversification. You have to do it and you have to appoint such efficient persons, technical persons, who can do this job. At the same time, you have to see that the price structure is revised so that even with the existing production system, these plants may have a break-through. Otherwise, it will not be possible for these units to have a break-through. If the management is not committed and it is not devoted to develop this industry as a national asset, you cannot expect any better result from them.

Another aspect is the industrial relations. It is not at all good either in the Martin Burn Company or in the ISW Company. The Braithwaite has got two units. It was brought to the notice of the Minister earlier also by me that because of the intra-union fighting, the production in the Braithwaite, in the Clive unit, is hampered, whereas, the production in the Angus unit is picking up and there has been some surplus. But in the case of the Clive unit of the Braithwaite, in spite of the favourable situation, because of

Burn Co. & ISW Co. BHADRA 1, 1898 (SAKA) (Nationalisation)
& Braithwaite & Co. (India) Ltd. (Acquisition, etc.) Bill

industrial relations, the production could not be picked up and there was some lockout declared by the management. This could be avoided, but the industrial relations deteriorated because of the dealings of the management. Many things have been said that, in the United Front regime, there was gherao, there was violence, and so on. But could anybody ever dream of the situation which developed in the Clive Unit of Braithwaite? During the working hours, in the presence of the authorities, three persons were killed and several were injured. The INTUC and the NLCC factions were fighting for a long time. There was no CITU, there was no AITUC, all those persons had joined either the INTUC or the NLCC. After this incident, charge-sheets were served at random, suspensions were ordered of employees who had nothing to do with this riotous situation, who had no part to play in that. I know, four of the CITU union leaders were picked up and charge-sheeted. The Labour Minister of West Bengal, during the conciliation, admitted that these persons were not to be charge-sheeted and that they had nothing to do with it. But it happened because the persons at the head of that Unit engineered this in-fighting between these Groups. I do not know whether the Minister knows about it.

But this matter was brought to the notice of the Ministry through the Consultative Committee. I do not know what steps have been taken. But this is the situation.

You will be astonished to hear that, when bonus is paid or some money is paid, then this type of leaders stand at the gate and forcibly collect the subscriptions, and if anybody does not want to pay, the management will not come to his rescue, on the other hand, they will help those people who are creating this sort of atmosphere—in which industrial peace can never be maintained and in which there will only be disruptions in production every time. The management people will always help those miscreants, and this is going on in Howrah Burn, this is going on in ISW, in Burnpur, this is going on in both the units of Braithwaite...

MR. CHAIRMAN: The hon. Member will continue tomorrow. The House stands adjourned to meet again tomorrow at 11.00 a.m.

18 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, August 24, 1976/Bhadra 2, 1898 (Saka).