

As far as Northern Bihar is concerned, I have this year been able to cover Muzaffarpur.

Regarding Northern UP, Gorakhpur, I am in touch with the Defence Ministry and if the traffic will justify, then we can certainly consider starting a service. The matter is under careful consideration.

PROF S. L. SAKSENA : There is enough traffic.

DR. KARAN SINGH : This covers, I think, broadly the various points that have been made.

I am very gratified that the hon Members have showed so much constructive interest in the working of the Air Corporations.

In conclusion I would like to say that these two Air Corporations, particularly, the Indian Airlines, have a very very vital role to play in our economic development. I say particularly Indian Airlines because it is a monopoly undertaking within the country and in a country of the size of India, air services can no longer be looked upon as a luxury. It is a sheer necessity for our political integration, for our economic development, for our administrative viability and for any sort of tourist development. Therefore, I have tried in the last four or five years to give very special attention to the Air Corporations and I think, despite difficulties, we are going to make definite progress in this direction.

With these words, I hope that the Bill will receive your approval.

MR. DEPUTY-SPEAKER : Now, the question is :

"That the Bill further to amend the Air Corporations Act, 1933, as passed by Rajya Sabha, be taken into consideration."

The motion was adopted.

MR. DEPUTY-SPEAKER : Now, we take up clause-by-clause consideration. Clause 2—There are a number of amendments by Mr. Saive, but he is not here. There are no amendments to other clauses. So, I will put them all together.

The question is :

"That Clauses 2 to 13, Clause 1, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted.

Clause 2 to 13, Clause 1, the Enacting Formula and the Title were added to the Bill.

DR. KARAN SINGH : I beg to move :

"That the Bill be passed."

MR. DEPUTY-SPEAKER : The question is :

"That the Bill be passed."

The motion was adopted.

1406 hrs.

JAYANTI SHIPPING COMPANY
(ACQUISITION OF SHARES)
BILL

THE MINISTER OF PARLIAMEN-
TARY AFFAIRS, AND SHIPPING AND
TRANSPORT (SHRI RAJ RAHADUR) :
Sir, I beg to move* :

"That the Bill to provide for the acquisition of the shares of the Jayanti Shipping Company Limited in order to serve better the shipping needs of the nation and to facilitate the promotion and development, in the interests of the general public, of national shipping and for matters connected therewith or incidental thereto, be taken into consideration."

Moved with the recommendation of the President.

[Shri Raj Bahadur]

Hon. Members are already aware of the circumstances which led the Government to acquire all the shares in the Jayanti Shipping Company by promulgation of the Jayanti Shipping Company (Acquisition of shares) Ordinance, 1971, on 17th October, 1971. A statement giving the circumstances necessitating the acquisition of these shares has already been laid on the Table of the House. I do not, therefore, propose to dwell on this aspect. I would, however, like to draw the attention of Hon. Members to various important clauses in the Jayanti Shipping Company (Acquisition of shares) Bill before us.

Clause 3 of the Bill provides for the transfer of all shares to Central Government and vesting of these in the Government free from all trusts, liabilities and encumbrances on payment of a sum of Rs. 4.50 crores in aggregate as compensation to the shareholders: The total issued and subscribed shares of the Jayanti Shipping Company, according to books; are 2,88,128 shares of Rs. 100/- each. Thus, the compensation per share works out to approximately Rs. 156/-. Out of 2,88,128 shares, 2,12,472 shares are in the name of Dr. Dharma Teja and 70,825 shares are in the name of Mr. M.M. Kulukundis. The remaining shares are held by others.

Clause 4 of the Bill provides for the apportionment and the manner of payment of compensation. The shareholders are being given option to ask for the amount of compensation in any of the following manner :—

- (i) in cash in three equal annual instalments;
- (ii) in saleable or otherwise transferable promissory notes or stock certificates of the Central Government issued and repayable at par and maturing at the end of 10 years and carrying interest at $4\frac{1}{2}\%$ or 30 years carrying interest at the rate of $5\frac{1}{3}\%$;
- (iii) partly in cash and partly in securities; and

- (iv) in different types of securities. Besides this, it has also been provided that the shareholders to whom the compensation payable does not exceed Rs. 2 lakhs, may ask for full payment of compensation within three months, and those shareholders, the compensation payable to whom exceeds Rs. 2 lakhs, may ask for an interim payment of an amount equal to 75 per cent of the face value of the shares in respect of which compensation is payable to them. This provision has been made to ensure that full compensation amount is paid to shareholders whose shares are small in numbers and a substantial payment in cash is available to the remaining shareholders.

Clause 5 of the Bill provides for the transfer of shares to the Shipping Corporation of India and certain other persons. All the shares acquired by the Central Government except 100 shall immediately after they have so vested in the Central Government stand transferred to and vested in the Shipping Corporation of India. The remaining 100 shares will be transferred by the Central Government by an order to such persons as may be specified in that order. This is being done as the Shipping Corporation of India has been managing this company since 10th June, 1966, and as a result of its management the company has shown considerable improvement and has been able not only to liquidate losses accumulated during the time of the previous management, but also achieve profits. It is, therefore, in public interest that the good management of the Shipping Corporation of India is continued. It is therefore, proposed under clause 5 of the Bill to transfer all the shares except 100 to the Shipping Corporation of India. 100 shares have to be allocated to other persons to enable the company to function as a Government company.

Clause 6 empowers the Government to make such amendments in the Memorandum and Articles of Association of the company as may be considered necessary for the purpose of enabling the company to function as a Government company.

Clause 7 provides for the interim management of the company. The constitution of the board of directors of the company in accordance with the memorandum and articles of association of the company is bound to take some time. In view of this, a board of directors to manage the company till that time has been constituted under this clause.

Clause 8 provides that no director or managerial personnel shall be entitled to any compensation against the company or the Central Government for the loss of office or for the premature termination of any contract of management entered into by him with the company whether such loss or termination was due to the provisions of the Jayanti Shipping Company (Taking Over of Management) Act, 1966, or the Ordinance which is sought to be replaced by this Bill.

Clause 9 empowers the company to make an application to the court for the purpose of cancelling of varying any contract or agreement entered into by the company in bad faith and which is detrimental to the interest of the company, at any time before the issue of the notified order under the Jayanti Shipping Company (Taking over of Management) Act, 1966. A similar provision existed in the Jayanti Shipping Company (Taking over of Management) Act, 1966, but no action under that was taken. Still, it cannot be said that any such contract may not come to notice even at this late stage; so, this clause has been provided as a measure of abundant caution. The period in which such an application can be made has, however, been limited to three years.

Clause 16 empowers the Central Government to make rules to carry out the purposes of this Act. This delegation is considered essential.

Under clause 18 of the Bill, the Jayanti Shipping Company (Taking over of Management) Act, 1966 and Jayanti Shipping Company (Acquisition of Shares) Ordinance, 1971, are being repealed.

The acquisition of shares of the Jayanti Shipping Company Limited had become necessary in order to serve better the

shipping needs of the nation and to facilitate the promotion and development, in the interests of general public, of national shipping. The management of the Jayanti Shipping Company had already been taken over by the Central Government under the Jayanti Shipping Company (Taking over of Management) Act, 1966, following complaints against the previous management.

During the course of Government management, several irregularities committed by the previous management were detected and a number of civil suits had to be instituted by the Jayanti Shipping Company in respect of these irregularities. Besides, a criminal case had also to be instituted against Dr. Dharma Teja who held 74 per cent of the shares of the Jayanti Shipping Company prior to the acquisition of its shares by the Government. In view of the fact that Dr. Dharma Teja and Mr. M. M. Kulukundis who between themselves held about 98 per cent of the shares of the Jayanti Shipping Company before its acquisition by the Central Government are involved in many suits and Dr. Dharma Teja is also facing criminal proceedings on the charges of breach of trust, cheating, forgery and falsification of Jayanti's accounts, the ownership of the company could not be left in their hands in the interest of the Jayanti Shipping Company Limited and also the national interest.

Jayanti Shipping Company has thus become a subsidiary of the Shipping Corporation of India. The expertise and experience of the Shipping Corporation has been largely responsible for putting the Jayanti Shipping Company on its feet.

In this connection, may I in particular refer to the performance of the Shipping Corporation ever since it took over the management of the Jayanti Shipping Company. It has been able to pay off the creditors of the Jayanti Shipping Company and to wipe off the cumulative losses of Rs. 2.59 crores upto 10 June 1956. The Company has after taking further loans from DFC also repaid Rs. 7.41 crores and the present outstanding loan against the company is only of the order of Rs. 19.84 crores.

A third factor which should also go to

[Shri Raj Bahadur]

the credit of the new management is that decrees have been obtained on two civil suits. The decretal amount is about Rs. 1.25 crores including interest from due dates of decree. Apart from this, further suits have been instituted in the Bombay High Court against Dr. Teja and Mr. Kulukundis, the money claims in which amount to Rs. 2.87 crores. The Bombay High Court had also attached all the shares of Dr. Teja and proceedings for that were going on. As I have submitted earlier, we acquired all these shares and hence this Bill.

I am confident that the above mentioned provisions which have the effect of continuing the Shipping Corporation of India and the Jayanti Shipping Co. Ltd. under one management for all practical purposes, would be of substantial benefit to India's maritime growth. These measures would make it possible for the vessels of the Shipping Corporation and Jayanti Shipping Company to be operated together under fully co-ordinated management to the best advantage of the country and would further contribute to the growth of India's international trade and the saving and earning of foreign exchange.

May I take this opportunity of informing hon. members that nearly fifty per cent of our shipping tonnage is now owned and operated by the public sector. Thus an important aspect of our national policy in regard to the merchant navy has been fulfilled simultaneously.

With these observations, I commend the motion.

MR. DEPUTY-SPEAKER : Motion Moved :

"That the Bill to provide for the acquisition of shares of the Jayanti Shipping Company limited in order to serve better the shipping needs of the nation and to facilitate the promotion and development, in the interests of the general public, of national shipping and for matters connected therewith or incidental thereto, be taken into consideration."

SHRI BIREN DUTTA (Tripura West) : While I rise to support the Bill, I would remind the House that in 1962 I brought some charges against Teja in this House and gave in detail the methods of the corrupt practices adopted by the shareholders, specially by Dr. Teja. Unfortunately, I could not even complete my speech at that time, as I was put in prison.

MR. DEPUTY-SPEAKER : In the course of his speech ?

SHRI BIREN DUTTA : I had not completed my speech, there was a recess and before the House reconvened, I was arrested, so that I could not resume my speech. At that time, he was the favourite of Pandit Nehru so that nobody dared to raise his little finger against this criminal. At long last, the truth has come out and this measure has come to be accepted by Government.

While supporting this measure I must bring to the notice of Government one thing. He just now told us that some shareholders had adopted corrupt practices and earned some money. May I know whether these shareholders are going to be benefited by the measure of compensation again in any way ? I am afraid the practice of this Government is that while they say that they are punishing the criminal, in real fact it is seen that the criminal is rewarded by way of compensation. In this case, I hope that this thing will not recur.

Another thing I want to bring to the notice of the Minister is this. You have given so much care for the payment of compensation to the shareholders, but you have not said anything in this Bill regarding the employees. I have come to know that stevedores who are directly recruited by the company have been more or less absorbed, but those who were indirectly recruited through contractors have not been given a chance to be absorbed. This matter must be kept in mind while the Government takes over the management.

Sir, the employees in the service of this company should be given preferential, if not reverential, treatment because they have suffered from the very beginning in the hands of that corrupt management.

They require to be treated in a particular fashion so that their old grievances as well as their present grievances are removed by the Government.

I do not know how many dead ships are to be taken by the Government and how they are going to be replaced by the new management. Particular care should be taken to see that for taking over the dead ships, the Government do not incur any loss.

This measure is a welcome measure and I hope that it will be accepted by everyone of us. With these few words I support this Bill.

*SHRI C. CHITTIBABU (Chingleput) : Mr. Deputy-Speaker, Sir, I am grateful to you for giving me an opportunity to participate in the debate on the Jayanti Shipping Company (Acquisition of Shares) Bill introduced by the hon. Minister of Transport and Shipping. I would like to pay my humble tribute to the hon. Minister for coming forward with the legislative measure to acquire the shares of the Jayanti Shipping Company which became notorious within a very short time of its existence. While I compliment him for acquiring the shares of Jayanti Shipping Company in the national interest, I would refer to the point he emphasised during his introductory speech. He prided himself that nearly 50 per cent of our shipping tonnage is now owned and operated by the public sector. I need not stress the important point that the shipping services establish world-wide contact for the country and it is in the fitness of things that the shipping tonnage in its entirety, 100% of it, should be owned and operated by the public sector. It should be completely in the hands of the Government in whom the vast majority of our people have reposed their confidence and faith, I would repeat that the shipping should never be permitted to be in the hands of private sector. If it is solely in the hands of the Government, then all the benefits from the world-wide contact will accrue to the people of the country.

After five years of taking over the management of the company, this opportu-

nity of acquiring the shares of the company has come to the Government. But, you are aware, Sir, of the unpalatable history behind the growth of this company. Though the ruling Congress Party today has undertaken this laudable step of acquiring the shares of the company, the blame for giving undue encouragement to this company squarely rests on the shoulders of the undivided Congress Party then ruling the country. I don't think that it is ever possible for the undivided Congress Party to erase this stinking stigma. The State Bank of India, the most important financial organ of the Government, gave a loan of Rs. 20 crores to an unknown and ordinary Dharam Teja who floated this shipping company. This huge sum was given to him without securing adequate guarantees, when Shri Jawaharlal Nehru was at the helm of affairs in the Government. It was reported in the Press then that Dharm Teja was able to get this enormous sum with the active encouragement of Shri Nehru. I am sure that Jayanti Shipping Corporation will stand as a monument of misplaced faith in an individual by the Government of the day and I am sure that the future Government will remember this episode as a standing guidance for their activities.

I remember distinctly even now the news items that used to appear in the daily newspapers about the Jayanti Shipping Company, to in and how Dharam Teja managed to get a sum of Rs. 20 crores from the State Bank. He had made an arrangement with the Greek ship-owners under which their four or five ships would fly the Jayanti flag as soon as they reached the Indian coast. Dharam Teja would take the authorities to the Port and show them that all those four or five ships belonged to Jayanti Shipping Company and he had bought them outright. By taking recourse to this ruse, he would seek financial assistance running to crores of rupees for his capital investment and for running his company. His another plea was that the more ships he bought the greater would be the foreign exchange that he would earn for the country. The authorities were greatly impressed by his arguments and even without taking the elementary care of verifying his claims, they used to sanc-

* The original speech was delivered in Tamil.

[Shri C. Chittibabu]

tion the money to him. I need not say here that the Government on their own accord got into this awkward situation.

Now, the shares of the company are being purchased by the Government. I would like to know, in the background I have just now explained, whether these shares are worth anything and whether the ships of the company are worth taking over. I say this because I feel that the Government should not commit the same mistake of buying battered and old ships for which they are to pay compensation to the shareholders of the company. I would like to know whether the Government have made any attempt to find out the real value of these shares.

I would also point out that the Jayanti Shipping Company is going to be a subsidiary company of the Shipping Corporation of India. Though it is agreed that the Jayanti Shipping Company has been put on its feet with the expertise and experience of the Shipping Corporation of India, the Government should guard itself from the eventuality that the loss which the Jayanti might suffer is not reflected in the working of the Shipping Corporation of India. I would like to state that the Shipping Corporation of India should not be made to suffer for the past irregularities of Jayanti Shipping Company simply because it is now under the management of Shipping Corporation of India. The working of the Jayanti Shipping Company should be watched for some more years before it is completely merged with the Shipping Corporation of India. The accounts of this subsidiary company should be kept separate from that of the Shipping Corporation. I would like to know how the value of the shares of Jayanti Shipping Company is going to be arrived at before the compensation is distributed to the shareholders. It should also be ensured that compensation is not paid to the major shareholders who had indulged in several irregularities and malpractices. I would like to know from the hon. Minister on what basis the compensation is going to be paid to the shareholders.

Before I conclude, I would refer to only

one thing. After five years of taking over the management of the company, on 17.10.71 the President promulgated an Ordinance acquiring the shares of the Jayanti Shipping Company. I am not able to understand why such an ordinance should have been issued during the intercession period. Having waited for five years, if the Government had waited for 27 more days for the convening of the Lok Sabha, the world would not have come to an end. I am sorry to point out how the Parliament is being treated by the Government. I would only say that by adopting such an authoritarian attitude, the Government is not going to enrich democratic traditions for posterity in our country.

Though this Bill has been brought belatedly, I welcome the Bill which will enable the Government to acquire the shares of the Jayanti Shipping Company,

MR. DEPUTY SPEAKER : We shall take up private Member's business now.

14.30 hrs.

CONSTITUTION (AMENDMENT) BILL

(Amendment of article 51)

SHRI C. K. CHANDRAPPAN (Telli-cherry) : Sir, I beg to move for leave to introduce a Bill further to amend the Constitution of India.

MR. DEPUTY SPEAKER : The question is.....

THE MINISTER OF EXTERNAL AFFAIRS (SHRI SWARAN SINGH) : Sir, we are opposing this Bill even at this stage. There are reasons for doing so. India's consistent anti-imperialist stand and support for the independence of nations in accordance with her traditions even before Independence is well-known. There is no need to amend the Constitution. It is a matter of policy, not a matter of the Constitution.

The introduction of the Bill might also give the impression to the outside world that India has resiled from that stand; it is