

[Shri M. P. Swamy]

earlier, people from Burma and other places who are repatriated can be rehabilitated on cardamom estates.

The cardamom industry is now run in an organised manner. Formerly it was not so organised, since it is organised now, it is possible for it to get all help from the Cardamom Board.

Regarding financial assistance, cardamom planters are not getting any help from scheduled banks or other financial institutions because their crop is not yet recognised as a standard one as other crops are; but after the formation of this Board, if a pooling system is recognised as in the case of coffee, they can get instalments from financial institutions for meeting cultivation expenses. Under the pooling system they get advance payment for cultivation and after marketing of the crop that is adjusted against the price due to the planters. This system is working very well in the case of coffee and, it must be adopted here also.

With these words, I support the Bill.

Shri M. L. Jadhav (Malegaon): Mr. Deputy-Speaker, Sir, I rise to support the measure that is before the House. Cardamom is generally grown in Kerala, Mysore and Madras. I find that in the Bill which is applicable to the whole of India the State of Jammu and Kashmir has been omitted. I do not know the reason why the State of Jammu and Kashmir is being omitted from the provisions of this Bill. I feel that it is high time that we should not try to omit Jammu and Kashmir from the purview of such a legislation.

Then I turn to the grading and pooling system. A number of speakers who preceded me tried to emphasise that the grading and pooling system should be introduced so that the growers can have better prices.

I feel that by establishing this Board it is very necessary that the grower should be given adequate finances so that this industry which gives us good foreign exchange develops and the grower is given an incentive to see that he can grow better.....

Mr. Deputy-Speaker: He may continue tomorrow.

16 hrs.

*BIRD & CO.

Shri Surendranath Dwivedy (Kendrapara): Mr. Deputy-Speaker, Sir, the main purpose of raising a discussion on this Bird & Co. affairs to enable the House to know all details about the investigation that has been conducted by the Government about the Bird & Co. We have been raising this matter since 1963 and only on the 24th August, 1965, the adjudicator has imposed a penalty on the Bird & Co. and its associates. I would congratulate the investing officer, Shri S. K. Srivastava, the Additional Collector of Customs, Calcutta who has done a very good job. If all these matters are placed on the table of the House, they would reveal how an unscrupulous business house has exploited this country and cheated this country. They had developed a vast business empire and they were almost acting as if they were masters of this land. They have got special facilities and concessions from this Government and about their behaviour towards the Indians who were working in the firm, it is better not to describe it now.

Now, having initiated this investigation and having seized various documents which implicate not only the Bird & Co. and a few of its associates who have been penalised but very many business houses and individuals,

there is some influence which has intervened at some stage or the other and the Government has become soft, lenient and reluctant to give us all information and even to further investigate or punish those who are involved in it. For example, in reply to a question, the Finance Minister himself stated in this House on the 12th December, 1963, that as many as 17 firms are in the picture. But we find from the fines imposed that only the Bird & Co., M/s. Becker Grey & Co. and one other associate of theirs, the Orissa Mineral Development Co., only these three Companies, and other individuals have been fined. It has been stated that this is the heaviest penalty imposed ever before against any company. But that is not a fact. I would say, the penalty imposed is very very light as is apparent—I want to know whether it is a fact or not—that this Company had indulged in under-invoicing to the tune of about Rs. 10 crores in respect of jute goods and about Rs. 1 crore in respect of iron ore. Now, if they have cheated at least 10 per cent. of this, then they have easily cheated to the extent of Rs. 1 crore. So, actually, the penalty imposed is Rs. 20 lakhs.

The Minister of Planning (Shri B. R. Bhagat): How much?

Shri Surendranath Dwivedy: They have indulged in under-invoicing to the extent of about Rs. 10 crores....

Shri B. R. Bhagat: How much is the evasion?

Shri Surendranath Dwivedy: The penalty imposed is Rs. 1 crore and 20 lakhs. If they have cheated at least to the extent of 10 per cent. out of Rs. 10 crores, they have easily gained about Rs. 1 crore. So, what is the penalty imposed? After all, it is only Rs. 20 lakhs. This is not a heavy penalty, as they say.

Again the penalties are imposed against certain individuals, for example, one Mr. Pelkington has to pay Rs. 5 lakhs. I do not know how the

Government is going to realise this money. If this company has cheated us with so much of foreign exchange, are we going to get back the money in terms of foreign currency, especially in the context of the present foreign exchange crisis? Why no prosecution has been started against these individuals and the company? As a matter of fact, even while replying to this question on December 12, 1963, Mr. Krishnamachari himself said that his own feeling was that some prosecution should be started. On a previous case, i.e., in the case of Dalmia—of course, no foreign exchange was involved in that—a penalty of Rs. 2 crores was imposed upon them; the money was realised and at the same time that person was jailed. Here, why have these people been left scot-free without any prosecution being started against them? I would like to know whether the Minister is giving us a list of the seventeen firms about which the Finance Minister mentioned here and which are involved in the whole affair. Secondly, what is this money of Rs. 25 lakhs or six lakh dollars, whatever it is, for which the company has not been able to produce any account before the adjudicator? Where is it lying now? Is it in foreign currency or in Indian rupees? So far as my information goes, they have seized a large number of documents, including letters written by the Chairman of the Bird & Co., Mr. Benthall, to some individuals and firms in India. I am told that there is a very interesting sentence in one of the letters, in which Mr. Benthall seems to have asked his Manager or Managing-Director, whatever he is, Mr. Pelkington, as to why they were not indulging in that much of under-invoicing as other small firms were doing in India. This is a deliberate conspiracy and it was not done without their knowledge. I am even told that there is a letter in their possession. They have been assured by a certain individual holding some responsible position in Government: "you go ahead; I have talked to Jawahar; we shall settle this matter; there will be no difficulty". I want to know whether these documents have been seized or

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not. These are very important for our purposes. You impose penalty only on certain persons. What about the jute mills, of which the Bird & Co. were the Managing Directors? Have you taken those jute mills into consideration? Do they come under the purview of your inquiry? Then what about the income-tax? Apart from this foreign exchange violation, they have cheated the shareholders; they are not paying income-tax. What has the Company Law Administration done? Has it instituted any prosecution against this company?

I would again ask Shri B. R. Bhagat to clarify one point. Bird & Co. has a paper mill, paper mill No. 3, that is, the Titaghar Paper Mills, in Chauduar. I am told that they have purchased some machinery which is hardly worth about Rs. 30 lakhs, and which is a junk, so to say, because of which this very paper mill is running at a loss. But Rs. 1 crore of foreign exchange was allowed to this company for the purpose of purchasing this very machinery. I would like to know what has happened to the rest of the amount and whether any inquiry has been done about it or not.

I was really happy when the first inquiry was conducted. The British management was then very much worried, and some pressure was brought through the British Embassy here. But in spite of that, when Mr. Pilkington, before he left this country, wanted to meet the Finance Minister in order to plead his case, the Finance Minister simply refused to meet him, and he said that if Mr. Pilkington had any grievance, he could go to the Secretary to the Ministry or to the Central Board of Revenue, and I was very happy at that. But now, again, I am told, after this penalty was imposed, the present chairman or managing director, whoever he is—Mr. Pran Pershad seems to be his name—when he could go in appeal to the Central Board of Revenue, has not only met some of the Ministers but he has also met the chairman of the Reve-

nue Board who will sit in appeal against the judgment.

Shri D. C. Sharma (Gurdaspur): How does my hon. friend know that?

Shri Surendranath Dwivedy: Professor Sharma has given me this information.

Therefore, it seems that after the entire investigation was over and Government had in their possession all these revealing documents, some influence has worked in order to manipulate things in such a manner as the real culprits would go scot-free, the punishment would be lenient and no further action would be taken. My charge against Government is this. Because of some allegation in this House, they had no alternative but to conduct some inquiry. When the inquiry was conducted, some material became available which showed that the offence was punishable under the law. We do not want Government to do anything beyond the legal provisions. Then, somehow or other, what has happened is this. It is a fact today, and probably it may be a credit to my hon. friends, I do not know, that probably there is not a single business-house in this country which does not indulge in these nefarious anti-social acts.

Shri Indrajit Gupta (Calcutta South West): Anti-national.

Shri Surendranath Dwivedy: . . . and anti-national acts also. Probably there is not even one company in which directly or indirectly any of the members of the ruling party is not associated.

Shri D. N. Tiwary (Gopalganj): No.

Shri Surendranath Dwivedy: So, whenever they go into these matters, we find this kind of thing happening.

We have been trying in this House to get information in another matter, that is, in regard to Sri Ram Durga

Prasad of Nagpur. Several questions have been put in this House for the last two years. Notices have been served on them. I know that that is a much bigger scandal than the affairs relating to Bird & Co., and yet nothing is being done, and only some show-cause-notice is being served. Even if some income-tax is imposed, he is given some time to file his statement, and he carries on his activities as before.

That is why I want Shri Bhagat to give us the facts in his possession. I want nothing else. I would remind you that in this House—I do not know if that has come in his way—there has been a persistent demand made several times that this Bird and Co. was employing some relations of Ministers in order to influence the Government. Whether they are qualified for the jobs or not, it is known to them. In this House, there was a definite promise made by the Finance Minister, after the Speaker's intervention, that they would place on the Table a list of such relations or persons of Ministers employed by Bird and Co. So far as I know, as yet no such statement has been placed on the Table.

These are certain facts. I would like Shri Bhagat to clarify the position. I am not maligning anybody, nor is it my purpose to accuse anybody. I want the facts to be placed before the House so that the entire country may know how these unscrupulous business houses operate in this country.

Shri Hari Vishnu Kamath (Hoshangabad): Is it a fact that in the course of the investigations, certain letters written by the executive of Bird and Co. to Shri Biju Patnaik, now ex-Chief Minister of Orissa, and/or vice versa have been seized, which relate to certain considerable transactions in foreign exchange and Indian rupees between the two? If so, has any follow-up action, been taken in this matter, and has Shri Biju Patnaik

been asked to explain those transactions?

Shri Indrajit Gupta: The adjudicator, in his award or judgment, is reported to have said that the magnitude of the offences committed, proved to be committed, deserved the highest, maximum, penalty possible under the law. But in fact, the maximum penalty was not awarded because Government felt—this is all what I have read in the press—that if that was done, the company would have to wind up most of its business in India.

Shri Surendranath Dwivedy: Let them wind up.

Shri Indrajit Gupta: If that is so, I would like to know why Government has adopted such a soft attitude towards Bird and Co. Also, how do Government propose to realise the fines which have been imposed on those gentlemen who have fled this country for the U.K.?

Shri S. M. Banerjee (Kanpur): Is it a fact that some of the officials managing the affairs of Bird and Co. saw the hon. Finance Minister and made certain submissions? If so, what is the reaction of the Finance Minister—would Government like to take over this concern from the present management?

Shri B. R. Bhagat: I am very glad the hon. Member has raised this discussion. True to the words of the Finance Minister who said earlier, when doubts were expressed that the investigation was being hushed up under some influence, that the matter would be fully investigated and the wrongdoers brought to book, I report that so far in any individual case the maximum penalty has been enforced. That promise has, therefore, been redeemed.

Shri Indrajit Gupta: Maximum penalty?

Shri B. R. Bhagat: Maximum in any case, so far. The hon. Member should listen to me correctly.

[Shri B. R. Bhagat]

The hon. Member has raised a number of questions, to some of which I am unable to provide the answer. For example, he mentioned about a letter which seemed to have been written. I tried to find out even at the last moment, because I may not be knowing and some officers who are present in the official gallery may be knowing. But they do not know of any such letter.

Shri Surendranath Dwivedy: This is rather unfair to the House.

Shri B. R. Bhagat: They do not know that, there is such a letter, this is what I am told. More than that what can I say. I thought I might not be knowing, probably something might be there, and therefore I had a last minute check-up.

Shri Hari Vishnu Kamath: Is he only ignorant? He does not deny.

Shri B. R. Bhagat: Why are you putting words into my mouth?

Shri Hari Vishnu Kamath: Then, make it clear.

Shri B. R. Bhagat: I am saying we are not aware of any such letter.

Then he mentioned about the paper mill, about junk having been bought for Rs. 30 lakhs. I take that information, I will look into it. I do not know what the facts are.

Then, he wanted me to give a list of the firms which are connected. I think the names of those who have been penalised are there, but more than that....

Shri Surendranath Dwivedy: The Minister mentioned 17 companies. Shall I read out?

Shri B. R. Bhagat: If it is in the record, what does he want?

Shri Hari Vishnu Kamath: He is all wrong.

Shri B. R. Bhagat: I am saying that for this purpose we have the list of the persons and the firms which have been penalised. I can give them, but I do not think it is relevant to go into any other name that may have appeared, whom the adjudicator may not have found guilty. If the names are there in the record, I think it is unnecessary to give them again.

Shri Hari Vishnu Kamath: How many you have got, what is the number of the firms you have got?

Shri Surendranath Dwivedy: Here it is clearly stated by Shri T.T. Krishnamachari,

Shri Hari Vishnu Kamath: He should have been here today.

Shri Surendranath Dwivedy: "To my knowledge, the total number is 17. Some of them may be European, some of them may have European names."

Have all these 17 firms been investigated?

Shri B. R. Bhagat: My point is that it has been the practice, and the Speaker has given ruling, that only when the case is completed we give the name. If a person is penalised, we give the name. Otherwise, we do not give the names of all those we have figured.

Shri Hari Vishnu Kamath: On a point of order. There is no such ruling. I remember to have raised a question about under-invoicing and over-invoicing by certain anti-national firms here, and his colleague, Shrimati Tarkeshwari Sinha, who was Deputy Minister then, laid a list of 18, 19 or more firms on the Table at that time.

Mr. Deputy-Speaker: If they are penalised.

Shri Hari Vishnu Kamath: Investigations were going on at that time.

Shri Surendranath Dwivedy: There is no such ruling that if investigations

are going on, the names should not be given.

Shri Hari Vishnu Kamath: I will produce the complete list next week if you want.

Shri B. R. Bhagat: Therefore, I think the names of the persons and the companies who have been penalised are already there.

He said the penalty was less. Factually, the position is like this. There have been two cases—iron ore and jute manufactures. It is true that the contravening goods involved may be of large value.

Shri Surendranath Dwivedy: Is it less than Rs. 11 crores?

Shri B. R. Bhagat: The penalty is always related to the evasion. In the iron ore case, the evasion is Rs. 13 lakhs, and the penalty imposed is Rs. 27 lakhs. In the second case, the evasion is Rs. 120 lakhs, and the penalty imposed is something like Rs. 128 lakhs. You can say that the maximum under the old law is up to three times. In the first case, it is more than twice, and in the second case it is more than once. It is a question for the adjudicator to decide. He has done a good job, as also the investigating officer whom the hon. Member also has congratulated. I think they have done the best they could.

Shri Surendranath Dwivedy: A very thorough job.

Shri Hari Vishnu Kamath: Just as CBI did in Orissa.

Shri B. R. Bhagat: The penalty should have some realistic basis. There is no use levying a penalty three times if the assets may not be even two times. These are penalties which are sufficiently deterrent and sufficiently high, and they can be realised.

I am sorry it is Rs. 37 lakhs; I made a mistake; it is Rs. 37 lakhs, as against an evasion of Rs. 13 lakhs. It is almost near the maximum.

Shri Surendranath Dwivedy: You have imposed as penalty whatever the maximum amount you found.

Shri B. R. Bhagat: It is almost three times in one case and more than one time in the other case. My point was that when the assets of the company were not that much as to bear the penalty, it is no use; it is unrealistic. Looking in that context, the penalty is not less; it is a sufficient deterrent.

Shri Surendranath Dwivedy: What about foreign exchange?

Shri B. R. Bhagat: What is lost is lost. You cannot get foreign exchange. The penalty will be in rupees, not only in this case.

An hon. Member: You can prosecute him for that.

Shri B. R. Bhagat: That is for the future. What has happened has happened. The companies are there; their assets are here. It can be realised. We are taking appropriate action and we expect to realise the money.

Shri S. M. Banerjee: How will you realise from Pilkington? Have you got his assets here?

Shri B. R. Bhagat: Well, the industry is here. That is why there is a reasonable chance of realising that from the persons also.

Shri Indrajit Gupta: He has got some race horses.

Shri B. R. Bhagat: Very good. We can offer it to hon. Members who come from Calcutta, who are very fond of races. About prosecution also, we are looking into that. Because in prosecution, hon. Members will note that we must have conclu-

[Shri B. R. Bhagat]

sive evidence before going to a court of law. We are looking into that.

Shri S. M. Banerjee: What is conclusive evidence? Have you fined them without evidence?

Shri B. R. Bhagat: It is not my opinion or Mr. Banerjee's opinion which will count. We have referred the matter to the legal advisers and they have to advise whether the evidence is such that would stand in a court of law. Many times it happens. The SP or the CBI make some investigations but they say: do not go to the court; take departmental action. It is common knowledge. Mr. Banerjee should not be impatient.

Shri Hari Vishnu Kamath: The Delhi Central Co-operative Stores case?

Shri B. R. Bhagat: We are looking into that matter. We cannot say what particular advice will be given.

Shri S. M. Banerjee: Do not misunderstand me. Conclusive evidence means what? Did you fine them with-

out conclusive evidence? ... (Interruptions).

Shri B. R. Bhagat: Money which was not accounted for? That came under the adjudication. The company law is looking into this matter... (Interruptions).

Shri Surendranath Dwivedy: Foreign currency or Indian currency?

Shri B. R. Bhagat: Let us have the auditors' report; we will know. We cannot say definitely.

Shri Hari Vishnu Kamath: What about the ex-Chief Minister of Orissa?

Shri B. R. Bhagat: We do not know of any such case.

Mr. Deputy-Speaker: The discussion is over. The House stands adjourned till Ten O'clock tomorrow.

16.30 hrs.

The Lok Sabha then adjourned till Ten of the Clock on Friday, September 17, 1965/Bhadra 26, 1887 (Saka).