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Aide Memoir

July 1975:

In the third week of July, M/s Rajni Patel and D.K. Barooah informed Mr. Shriyans Prasad Jain that it had been decided to detain B D.Goenka under MISA because of the policy persued by the Indian Express Group. There was also a threat that Mr. R.N.Goenka might also be placed under MISA. Mr.Jain requested Mr. Rajni Patel to intercede on behalf of his son-in-law, B.D.Goenka. Mr. Rajni Patel promised to talk to the Prime Minister on the subject. Accordingly, he came to Delhi on or about the 21st July when Shri S.P.Jain and Shri R.N. Goenka were also there. Mr. Jain informed Mr. R.N. Goenka that following Mr. Rajni Patel's intervention, the Prime Minister had agreed not to take any action against B.D.Goenka. Rajni Patel, however, told Mr. Jain that the latter should also meet the Prime Minister to re-confirm that B.D.Goenka would not be placed under MISA. Mr. Rajni Patel was requested to fix up an appointment for Mr.Jain to see the Prime Minister. The following day, Rajni Patel, however, informed Mr. Jain that it was not necessary for him to meet the Prime Minister, as the Prime Minister had informed him that Mr. Jain need not take the trouble for this purpose and that it was all okay. Mr. Rajni Patel added that he hoped that Mr. R.N. Goenka may also be spared. It would appear that the matter was closed.

August, 1975:

It was, therefore, surprising to every one when, in the begining of August, Mr. Jain was informed by Mr.Rajni Patel that he could not protect the Goenkas any longer unless they were prepared to part with all their newspapers. He consulted S.Ranganathan, M.P., ex-Comptroller & Auditor General of India, a family friend, on the subject, who agreed to meet Rajni Patel. Accordingly, S.Ranganathan met Rajni Patel in Delhi when the latter told him that it was not possible for him to help Goenkas any longer unless they were prepared to sell all their newspapers to the Congress Party or their nominee. He conveyed this information to M/s Jain & R.N.Goenka. Mr. R.N. Goenka thereupon met Mr. Jain and S. Ranganathan on the 21st August in Mr. S.P. Jain's house in Delhi when he was told point blank by both of them that if he wanted to save himself and his family, there was no alternative open to him except to give up his newspapers. S.Ranganathan added that he had promised that he would submit a note to Mr. Rajni Patel on the subject. Mr. Goenka was told that this should be done as early as possible. Mr. Goenka wanted a week's time to prepare the note, as the matter was of vital importance for him and for the future of his newspapers and would require considerable thought. He, however, promised to send the note by the end of the month to Sri Ranganathan, who would pass it on to Sri Jain and Rajni Patel, if he approved of it. On 30th August 1975, B.D.Goenka happened to be in Bombay and Rajni Patel asked him to meet him at 4 p.m. which he did. B.D.Goenka was told that the note promised by Mr.S.Ranganathan was overdue and that the matter brooked no delay. He then asked him to meet him again at 7 p.m. when Mr. V.C.Shukla, the Information Minister would also be present. Accordingly, he met both at 7 p.m. when he was told by Mr. Shukla that apart from the various steps already being taken against the Goenkas, the running of the newspapers would be made impossible because the Income-tax authorities and the Government themselves would see to it that the cases against the companies demanding over Rs 50 millions would be perusued by

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by all possible means, unless they were prepared to part with the newspapers. B.D.Goenka telephoned to R.N.Goenka at about 8 p.m. the same day and the latter promised to prepare the note in the form of a letter to Mr. S. Ranganathan. The letter was accordingly despatched the next morning and after being approved by Mr. Ranganathan and Mr. Jain it was delivered to Mr. Rajni Patel sometime in the beginning of September. No reply has so far been received. Copy of the letter dated August 31 is enclosed.

September 1975:

B.D.Goenka met Mr. K.K. Birla ~~sometime~~ on September 18 at Madras. During his talks, he told Mr. Birla that he was being harassed by the Company Law Administration as well as the Income-tax authorities. Mr. Birla asked him to give him a note in regard to both matters, as he was well placed to help the Goenkas. The note in regard to the matters relating to the Department of Company Law Affairs was given to Mr. Birla (copy enclosed) and it was arranged that a further note would be handed over to him in regard to income-tax matters in Calcutta by Shri R.N. Goenka.

October, 1975:

Mr. R.N.Goenka met Mr. Birla in the first week of October in Calcutta and handed over to him a note dated 29th September 1975 (copy enclosed). During the talks with Mr. Birla in the beginning of October, Mr. Birla informed Mr. Goenka that he would do what he could in regard to both the matters either directly or through Rajni Patel and D.K. Barooah and/or Sanjay Gandhi with whom he was on intimate terms. But he added that he had heard that the Congress Party was keen on taking over the Indian Express Group of Nesspapers and wanted to know his re-action. Mr. R.N. Goenka told him all that had transpired during July-August culminating in his sending a letter to Mr. S. Ranganathan which was given to Mr. Rajni Patel. He also gave Mr. Birla a copy of the letter dated 31st August 1975 addressed to Mr.S.Ranganathan. Mr. Birla told Mr. Goenka that if he were asked about handing over control of newspapers, he would throw the ball in their court because Mr.Goenka had already offered to sell the papers and he was awaiting a reply to his letter. On the 9th or 10th October 1975, Mr. Birla telephoned to Mr. R.N.Goenka in Calcutta and told him that things were not as simple as he thought and that matters had taken a very very serious turn. He had persuaded the authorities not to take any action until his return from Mussoorie about the 21st October and that he wanted S.P. Jain, R.N.Goenka and B.D.Goenka to meet him on the 21st October, ~~and that~~ which all of them promised to do.

In the meantime, in the beginning of October, without the knowledge of the Goenkas, Mr.R.K.Misra, Jt. General Manager of Indian Express in Delhi met Mr.Dinesh Singh, whom he knew from his school days and told him that there was some sort of confusion and confrontation going on between the Indian Express Group of Newspapers and the Government and could he (Mr.Dinesh Singh) use his good offices to sort out matters and remove misunderstandings. Mr.Dinesh Singh promised to meet the Prime Minister and then get in touch with him again. Later he said he had met the Prime Minister, who gave him a patient hearing and told him that this matter had been discussed earlier but nothing had come out of it and that she would think over the matter and inform him in the course of four or five days. Mr. Dinesh Singh was to leave for his home town and when he indicated this to her, she told him that by the time he returned, she would let him know. She appears to have had a talk with Information & Broadcasting Minister Shukla on this subject and directed him to meet Dinesh Singh which he did.

[illegible] was a meeting between Shukla, R.K.Misra and Dinesh Singh on the 16th October when certain proposals were given to Mr. R.K. Misra, which are contained in the letter dated 22nd October 1975 addressed to Mr. Shukla. Mr. Misra communicated the same to Mr. R.N.Goenka over the phone and Mr. Goenka left Calcutta for Delhi on the 18th October to discuss the matter in person with R.K.Misra and Dinesh Singh and also with S.Mulgaokar, the Editor-in-Chief of the Indian Express Group. After full discussion, Mr. R.N.Goenka found no difficulty in acceding to the suggestion of Mr. Shukla and a letter was accordingly sent by R.K.Misra to Shukla on the 22nd October 1975.

Mr. Birla arrived from Mussoorie on the 21st October and there was a meeting between S.P.Jain, K.K.Birla and R.N.Goenka in Mr. Jain's house on 22nd morning. Mr. Birla said categorically that the Government had made up their minds to detain R.N.Goenka, B.D.Goenka and Saroj Goenka under MISA if they were not prepared to relinquish control of their newspapers in favour of the Government. He also added that Government were not prepared to purchase the newspapers but wanted total control over the newspapers in the shape of majority control of the Board of Directors. Goenkas would have no voice in the running of the companies or the newspapers whatsoever. Further, Mr. Birla made it clear that it would be a condition precedent to further discussions that Mr.R.N.Goenka should forthwith dispense with the services of Mr.S.Mulgaokar, Editor-in-Chief of the Indian Express Group and Mr.Kuldip Nayar, Editor of the Express News Service. Mr. Goenka did not agree to any of this. Mr. Birla urged that resistance would be futile as Government had ample powers to achieve their objectives. Mr. Goenka said that he would not give up control of the news-

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papers to the Government and they were his life's work, and if necessary would seek redress in Court. Mr. Birla said that times might change and who knows it might even be possible for the newspaper companies to be returned to Mr. Goenka sometime in the future but that if Mr.R.N.Goenka resisted, he would lose everything once and for all. He stressed that the Government had the power to change the laws and even the Constitution to achieve their objective.

At this meeting, Mr. Goenka informed Mr.Birla of the talks that Misra had with Shukla and the proposals that had emerged and to which he has responded constructively. Mr. Birla said that we should ignore what Shukla had said because what he had to say came from the "Super-minister". He declined to name the " super-minister". He agreed, however, to have further talks the next morning after he had checked the position again with the "authorities". All three again met the next day in Mr. Jain's house. Mr. Birla said that as a result of his persuasion some change has taken place in the Government's attitude. The Government had told him that he, K.K.Birla must become the Chairman of the Company and if he did not agree to this, it would be interpreted as an unfriendly act by the Prime Minister. He had, therefore, no other option than to accept this position. He also added that the Government had told him that they would be agreeable to allow Mr.R.N. Goenka to look after the management of the Companies if Mr. K.K. Birla so desired, but under no circumstances, would he be allowed to have any say in regard to editorial policy. He also said that this agreement was forced out of the Government on Mr. Birla pointing out to them that the papers were being produced from eight different centres and he could not possibly manage them without Mr. Goenka's assistance. He added that so far as the management of the companies was concerned, he had absolute confidence in Mr.Goenka and that he as

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Chairman would not interfere. He went on to say that he would form a Board of himself, S.P.Jain and some other like-minded persons who would be regarded as fair-minded. Mr. Goenka pointed out that many items in the economic programme undertaken by the Prime Minister deserved all support and he was of the view that they should be implemented. He also had no objection in Mr. Birla becoming the Chairman and S.P.Jain and some other people like him being taken on the Board. Mr.Birla then said that the demand was there should be six directors approved by the Government and that Mr. Goenka should nominate five directors making a total of eleven. Mr. Goenka's understanding was that the six directors would be selected in consultation with him. But Mr. Birla subsequently told Mr. Goenka that he was not to be consulted, that they were to be appointed in consultation with Mr. Birla and that Mr.Birla would in turn consult Mr. Goenka. Mr.Birla informed both Mr. Jain and Mr.Goenka that he would be leaving for Mussoorie the next day and that before his departure, he would have a chat with the authorities and that he would meet Mr.Goenka again on his return from Musoorie viz., on the 29th October,1975. Mr. Birla added that Mr. R.N. Goenka, in the meantime, should dispense with the services of at least Mr.Kuldip Nayar to prove his sincerity in regard to the negotiations. Mr.R.N. Goenka pointed out that since Mr. Nayar was governed by the Working Journalists Act, it was impossible for him to do so but he could send away Mr. Mulgaokar if necessary as he was not governed by the Working Journalists Act. Mr. Jain suggested to Mr. Birla that Mr. R.N. Goenka would talk to Mr.Shukla direct; but Mr. Birla informed Mr. Jain that Shukla was not prepared to meet Mr. Goenka for the time being. Mr. Birla returned to Delhi on the 29th. Mr. Goenka sent a letter on the 29th to Mr. Birla --to await his arrival --re-capitulating the position upto that date and also enclosing a copy of the letter which R.K.Misra had addressed to Shukla dated 22nd October, 75. Mr. Birla and Mr.R.N.Goenka met on the 30th October and Mr. Birla again reiterated that the talks between R.K.Misra, Shukla and Dinesh Singh should be completely ignored and that nothing sort of a total control would satisfy the Government. He was very clear that this was the position after his meeting with the authorities on the 23rd evening before his departure for Musoorie. Mr. Goenka and Mr. Birla met Mr.Shukla in his house at 10 a.m. on 31st October, when the matter was discussed in detail and Mr. Shukla said that they had absolute confidence in Mr. Birla and that they would discuss the matters only through Mr. Birla. Mr. Goenka explained the intricacies of running a newspaper and finally it was decided that they should meet again. Mr. Goenka left t room and waited outside while Mr. Birla remained with Mr. Shukla for a few minutes more. When Mr. Birla came out, he informed Mr. Goenka that the Minister was not very happy with Mr. Goenka's talks because he had tried to emphasise the "difficulties" of dealing with Editors, as Working Journalists under the law and had refused to get rid of Messers. Mulgaokar and Kuldip Nayar. Mr.Birla, however, told Mr. Goenka that he should meet him on the 4th November in Calcutta as he was going there for the Diwali celebrations. He also added that before his departure for Calcutta, he would have another chat with the concerned authorities on this subject. Mr.Goenka left for Madras the next day morning and arrived in Calcutta on 4th November 75, as arranged. Mr. Goenka met K.K.Birla on the 5th morning in his house when Mr. Birla told him that he had had a meeting with the authorities on the 31st October before he left for Calcutta and had found that the

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attitude had considerably stiffened and that nothing short of full control of the Indian Express Group would satisfy them as he told to Mr. Jain and Mr. Goenka on the 22nd October. Mr. R.N.Goenka reiterated what he had told him earlier that he was not agreeable to any of the suggestions and if it came to that he would take up the matter in a Court of law. Mr. Birla said that if Mr. Goenka did not agree to what the Government suggests at least for two-three months, the Government would think that it was Mr. Birla who was inducing Mr. Goenka not to fall in line with the Government's wishes which will be very embarassing for him. Mr. Goenka pointed out that this was an absurd suggestion. He was in the best books of the Government and if the Government disbelieves him then there was no point in discussing any matter with the Government through him. Mr. Birla then told Mr. Goenka that he would go to Delhi for further discussions with them and if necessary send for Mr. Goenka again. Mr. Birla telephoned Mr. Goenka to come to Delhi to meet the Minister on 10th Novem which he did. Before going ttossee Mr. Shukla at 5 P.M., it was arranged that Mr. Goenka should meet K.K.Birla at 2.30 p.m. at Oberoi Intercontinental Hotel and thereafter they would see Mr. G.D. Birla at at about 3 p.m. Mr. Goenka accordingly went to Mr. K.K.Birla, who told him that there was some hope of a settlement and that they should also go and meet Mr. G.D.Birla and take his advice. Both Mr. K.K. Birla and Mr. R.N.Goenka went to Mr. G.D.Birla who suggested that they seek an over-all settlement for which Mr. R.N.Goenka should call on the Prime Minister, rather than piecemeal talks. This, Mr. K.K.Birla said was not possible at that stage but he was generally working in that direction.

He took Mr. R.N. Goenka to another room in Mr.G.D.Birla's house and insisted that Mr. Goenka should accept the Government's conditions and that if Mr. Goenka refused Government would take this badly as it would be reflection on him, K.K.Birla. Mr. Goenka said that he would not like to part with his properties for no consideration whatsoever. He also pointed out that if agreed to a proposition like this, it would be impossible for him to defend himself in the many persecutions and prosecutions, which the Government had loged against him. He would need the approval of the Indian Express Board to defend himself and his companies in the many Court prodeedings and also to institute court proceedings against certain Government actions. If the majority of the Board were to be loaded against him in this fashion, he would not obtain the necessary board resolutions and would be sent to Jail without a trial and without any defence. To this, Mr. Birla, simply said that as long as he was there, there was no chance of this happening. Mr. R.N. Goenka said that from what he could see, Mr.Birla was not in a position to resist any Government pressure at all.

Mr. Birla and Mr. Goenka met Mr. Shukla in his office at 5 p.m. on 10th November. Mr. Goenka told Mr.Shukla that he was not agreeable to the imposition of the majority directors as sugg ested by them and added that Mr.Goenka's understanding was that the appointment of the directors was to be in consultation with him and that they would be fair-minded businessmen. He also added that he understood from Mr.Birla that afternoon that Mr.S.P. Jain would not be acceptable to the Government. This was quite contrary to the understanding he had with Mr. Birla. Mr. Shukla frankly said that what Mr.Goenka said was not acceptable to the Government and that Mr.Goenka would have no right or veto in regard to the six persons whom Shukla would like to have on the Board. Mr. Goenka did not agree to the proposition. Then Mr. Shukla said that they also intended that these six directors should be fair-minded persons.

Mr. Goenka suggested that he would like to have the names of these fair-minded persons whom the Government had in view. Mr. Shukla then mentioned the following names.

(1) Shri K.K. Birla

(2) Shri P.R. Ramakrishnan

(3) Shri Vinay Shah

(4) Shri Anthony or Sri Steven, M.P.

(5) Shri Samsuddin

(6) One out of
- Shri M.Satyanarayana Rao, M.P.
- Shri T.Panchanam, M.L.C.
- Shri Kopilla Venkateswara Rao, M.L.A.

(7) Shri Raman.

At this stage, Mr.Goenka said that since persons like Mr. S.P.Jain agreed to earlier were not now acceptable to the Government and new names had been given in that place, he would like to have a day's time to consider the matter with his son and Shri S.P. Jain. Eventually, a further meeting took place on Wednesday the 12th November at 11.30 A.M. Earlier Mr. S.P.Jain and Mr. R.N.Goenka met Mr.K.K.Biral and discussed the matter further. As a result of the discussion, Mr. Goenka agreed to four of the seven names that were suggested viz:

(1) Shri K.K. Birla

(2) Shri P.R. Ramakrishnan.

(3) Shri Vinay Shah.

(4) Shri Anthony, President, Kerala Pradesh Congress Committee.

and he gave his own list of twenty persons (copy attached) out of which the Government should select two persons. Mr. K.K. Birla said that this was an excellent proposal and that this should be acceptable to the Govt. He described these twenty persons as men of eminence. The meeting with Mr. Shukla took place at 11.30 a.m. when Mr.Birla said that

Mr. R.N. Goenka would put up the matter to the Minister and Mr. Goenka told him that as a result of the discussion with Mr. Birla, he was agreeable to the acceptance of the four persons viz --

(1) Shri K.K. Birla

(2) Shri P.R. Ramakrishnan

(3) Shri Vinay Shah

(4) Shri Anthony, President, Kerala Pradesh Congress Committee.

At this stage, Mr. Birla asked Mr.Shukla the name of the person -- a businessmen from Calcutta, whom the Government had in mind and Mr.Shukla gave the name of one Mr. Kamal Nath. Mr. Birla said that the four names had been agreed, the fifth name was Mr. Kamal Nath and that would be accepted and the sixth name also we will leave to the Government. This was a bolt from the blue for Mr. Goenka and he immediately said that only half an hour ago, Mr. Birla had been agreeable to the two names being selected out of the list of twenty persons. Mr. Shukla said that while they were men of eminence and there was nothing against them, the Government had " no confidence" in them so far as the matter under discussion was concerned. The Government would impose their own persons and Mr. Goenka would have no right or veto in regard to those six persons. At this stage, Mr. Shukla had to go to the President's house. Mr.Shukla said that he would consider the matter and let Mr.Goenka know in due course. Mr. Goenka waited in Delhi from Thursday to Sunday but there was no response from the Minister. He left for Calcutta on Monday morning.

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Sri Jagmohan Reddy, Retd. Judge, Supreme Court,
Vice Chairman, Osmania University.

Sri Alagiriswami, Retd. Judge, Supreme Court.

Sri S.Ranganathan, M.P. Retd. Auditor-General.

Sri T.S.Srinivasan, Director, T.V.S. Madras.

Sri Shriyans Prasad Jain, Industrialist, Bombay.

Sri Bharat Ram, " Delhi.

Sri R.K. Poddar, M.P. " Calcutta.

Sri Arvind Narottam, Lalbhai Group, Ahmedabad.

Sri Ramakrishnan Bajaj, Industrialist, Bombay.

Sri Dadachanji J.B. Advocate, Delhi.

Sri Mottu Satyanarayana, ex-M.P. Retd. Secretary,
Hindi Prachar Sabha, Madras.

Sri Thannu Bhai, Solicitor, Bombay.

Sri Dwaraka Nath Reddy, Industrialist, chittoor.

Sri V.L. Dutt, " of KCP, Madras.

Sri K.S. Narayanann of India Cements, Madras.

Sri L.L. Narayanan of Rane & Co., Industrialist, Madras.

Sri S.M. Ramakrishna Rao, Industrialist, Bangalore.

Sri G.K. Devarajulu, " Coimbatore.

Sri N.D. Sundaravadivelu, Retd. Vice Chancellor,
Madras University, Madras.

Sri Ramnath Poddar, Industrialist, Bombay.

November 1975 (contd)

RNG wrote to Mr. K.K. Birla on the 26th November 1975 thanking him for his mediatory efforts. RNG agreed in his letter to the composition of the Board of Directors totalling eleven, out of which five members were to be nominated by RNG, out of the balance six, four had already been agreed to. He also mentioned that the names of the other two persons would be decided by mutual consultations. RNG stressed that the reasons for showing extra consideration in the nomination of six directors was that a homogeneous Board was needed for the efficient and smooth functioning of the companies. He also pointed out that some prosecutions had been launched against him and members of his family by various Government Departments and for successful defence a homogeneous Board would be necessary. He also complained to Mr. Birla that the Punjab National Bank nominee on the Board was not helpful and in any case he should be dropped.

A draft of the policy Resolution was sent to Mr. K.K. Birla by RNG as an enclosure to that letter.

December 1975:

On 4th December 1975, RNG, Mr. K.K.Birla and Mr. V.C.Shukla met for further discussions regarding Government nominees. The names were settled as under:

1) Mr. K.K. Birla.
2) Mr. P.R. Ramakrishnan
3) Mr. Vinay K.Shah
4) Mr. A.K. Anthony
5) Mr. Kamalnath
6) Mr. G.D. Kothari.

It was further agreed that Mr. Birla would be the Chairman of the Companies to supervise the implementation of the editorial policy as laid down. RNG and BDG would be in control of administration and finance. A policy resolution was placed before the meeting and agreed to by all the three.

On 6th December 1975 at the meeting of the Board of Directors of IENB held at Bombay, Mr. K.K.Birla and Mr. Kamalnath were co-opted as Directors and the policy resolution was passed at the meeting, which was subsequently circulated to all editors. The rest of the Directors were to be co-opted at a later meeting after the General Body had authorised the increase in the number of directors.

On the same day (6th Dec.1975) Mr. K.K. Birla telephoned RNG to say that Mr. V.C. Shukla was having second thoughts and was unable to accept Mr. G.D. Kothari as a Director and that they wanted to nominate one Mr. Aggarwal of Hitawada in place of Mr. G.D. Kothari. Mr. R.N. Goenka rejected this and expressed surprise that for the second time in the last two months Government had gone back on the agreement. He said that the Government was changing its position from time to time at every stage. All the concessions granted by Mr. R.N.Goenka have become the starting point for further bargaining and stiffening of the attitude of the Government. If this went on, the whole arrangement could fall through.

The process of co-opting the Government nominee s on the Boards of Madurai Company and Andhra Prabha Ltd. was substantially completed at the meetings held on 30th December 1975 and 31st December 1975 respectively. In these meetings Shri K.K.Birla was appointed Chairman of the two companies and the policy resolution was passed. (Mr.V.K.Shah was co-opted at the meeting held on 5-2-76).

At the meeting, on Mr. Birla's suggestion, and according to a draft resolution prepared by Mr.Birla's legal accountant, a Committee of Directors consisting of members of the Goenka group was formed in the Madurai Company and in the Andhra Prabha to look after finance and administration. A similar Committee was formed for the Bombay Company also.

January 1976

On 16th January 1976, at the Board Meeting of IENB at Calcutta, the other four directors were co-opted and Mr. Birla was made the Chairman of the Bombay Company. The draft resolution prepared by Mr. Birla's legal accountant was placed before the meeting It read as under:

> " Further resolved that the Chairman will ensure that the Editorial policy of the Company as laid down by the Board of Directors at this meeting is strictly adhered to and followed and there is no violation thereof. For this purpose, the Editor and other Editorial Staff were directed to report to the Chairman from time to time and seek his guidance and advice in the matter".

On an objection raised by Mr. A.N. Sivaraman, Editor, the " Dinamani", to the word in the resolution (" were directed to report"), Mr. Goenka took up the matter with Mr. K.K. Birla seeking his advice and it was decided to reword the resolution and this was subsequently confirmed. The reworded resolution read:

> " It was further RESOLVED that the Editors of various publications be advised to keep in touch with the Chairman and to seek his guidance in regard to editorial matters."

When the subject matter of the Bombay Committee of Directors to look after finance and administration came up, Mr. Birla suggested that since the Managing Director was already functioning in that capacity the appointment of a Committee of Directors would be superfluous. However the subject was deferred for consideration at the next meeting.

The Indian Express had been making plans from sometime in 1974 to bring out an edition from Chandigarh. On the 14th January 1976, Mr. R.K.Misra, General Manager, Indian Express, met Mr. Shukla and told him that all the arrangements for bringing out the publication had been completed. Mr. Misra wanted to know when Mr. Shukla would clear it. Mr. Shukla wanted one or two changes in the board already constituted. Mr. Misra pointed out that an

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February 1976:

As agreed to, the Punjab National Bank nominee director in the Board was withdrawn, on 7-2-76.

Mr. Birla by his letter dated 11-2-76 addressed to R.N.G. wanted Messers. Singhi & Co.Chartered Accountants, Calcutta, to be appointed as Internal Auditors of the branches of the Indian Express Companies. Even though the three companies had internal audit arrangements already, Mr. Goenka readily agreed to the proposal. Ultimately, Messers. Bodha & Co. Chartered Accountants, Calcutta/Delhi, were appointed as Internal Auditors for the three companies effective from 1-5-76.

On 28-2-76 Mr. B.D.Goenka and Mr. R.K.Misra met Mr. Shukla at Delhi to seek his help to obtain bank facilities through Mr. Pranab Mukherjee. Throughout this meeting Mr. Shukla adopted an accusatory attitude and complained of matters regarding editorial, advertisements etc. He also said that Mr. Birla was not getting enough co-operation from Goenkas. This was denied by Mr. B.D. Goenka. Mr. B.D. Goenka also mentioned that there was an impression amongst some senior members of the news gathering section that ---18 despite their having been offered to co-operate with the Government, there was some prejudice against them. Mr. Shukla promptly retorted saying that this prejudice on the part of the Government would go with Mulgaokar, Kuldip Nayyar and Bhatt-acharjea.

March 1976.

R.N.G. fell ill at Calcutta on 6th March. He had a massive heart attack and had to remain in bed and rest till the end of April 1976. Even at that time he was too weak to undertake strenuous work, journeys etc..

Mr. Birla called on Mr. R.K.Misra for a discussion on various administrative matters pertaining to the Company and also wanted a cell to be created with seldcted members to examine the contents of all papers published by the group. Copy of the note on this subject is annexed.

He also informed Mr. R.K.Misra that the matters raised by him at that meeting should have to be finalised on 5th April when he would be visiting Delhi again. Although no financial powers or responsibilities had been conferr ed on Mr. Birxla, he wanted to assume powers regarding these areas also contrary to the agreement.

Meetings of the Boards of the three companies were called at Delhi on 9-4-76. RNG was not aware of this as he was confined to bed and under strict medical control and advice not to be disturbed. These three meetings had on the agenda, matters of far-reaching consequences. They related to changes in administration, which would not have ordinarily taken place had Mr. Goenka been present at the meeting.

a) the Committee of Directors functioning in Madurai Company was dissolved;

the Managing Director was given some powers to carry on day to day administration;

Andhra Prabha Ltd. having no Managing Director, the Committee was expanded at the instance of Mr.Birla. The names of Mr. Birla and Mr. Kamalnath were included in the Committee and Mr. K.K.Birla was appointed its Chairman;

b) Internal auditors were appointed for all the three companies; this had been agreed to earlier by RNG;

c) Powers of the Managing Director for the Bombay Company were defined at the meeting and a resolution was passed;

d) Mr. Mulgaokar, Editor-in-Chief, was retired. This was a matter relating to the administration of the Editorial Department and a very important subject; the decision was taken by Mr. Birla in the absence of Mr. R.N.Goenka.

In June 1976 Mr. Birla and Mr. R.N.Goenka met at Bombay at the request of the former. Mr.Goenka undertook this trip in spite of his ill-health. Mr. Birla complained about an article written by Mr. Ajit Bhattacharjea in regard to the Supreme Court Judgment on a Habeous Corpus case. Mr. R.N.Goenka told Mr. Birla that the article offered a mild and constructive suggestion while other papers had commented more strongly including the "National-Herald" which was a paper near to the Government. Mr. Birla also told Mr. Goenka that he (Birla) had complete powers in regard to appointments, transfers etc. of editorial staff and Mr. Birla wanted Mr. Ajit Bhattacharjea to be sent to Gangtok. Mr. Goenka told him that this was not the understanding that was reached. and spelt out in his letter addressed to Mr. Birla on 26th November 1975, mentioning clearly that Mr. Birla was to supervise the editorial policy and the proper implementation of the policy, and that administrative functions would rest with Goenkas. He also drew Mr. Birla's attention to the Board Resolutions passed to that effect.

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As regards transfer of Mr. Ahit Bhattacharjea, Mr. R.N. Goenka pointed out that it was impossible ~~xx~~ of performance since he was governed by the Working Journalists Act and any such action would contravene the provisions of law. Later Mr. Birla asked Mr. Misra to send him the letter of appointment given to Mr. Ajit Bhattacharjea and also the Standing Orders of the Company. These were sent to Mr. Birla.

July 1976:

On 5th of July Mr. Birla and Mr. R.N.Goenka met Mr.V.C.Shukla. At that meeting, Mr.Birla complained to Mr. Shukla that according to Mr. Goenka he (Birla) had no powers to dismiss or appoint any member of the staff. Mr. Goenka pointed out that it was not according to him (Goenka) but according to the understanding arrived at earlier. However Mr. Shukla wanted Mr. Goenka to accept the proposition to which Mr. Goenka did not agree.

On the 5th evening Mr. Birla sent an unsigned typed Statement (presumably at the instance of Mr.Shukla) giving a further proposal on the administration and editorial policy of all the Express Group of newspapers (copy annexed). The same day Mr. Goenka addressed a letter to Mr. Birla pointing out the impracticability of implementing the suggestion contained in that note . He also pointed out that the proposal would be contrary to the policy guidelines and the provisions of the prevention of Objectionable Matt-ers Act with particular reference to the editors' relationship with the proprietor (in this case Chairman) was not to function as a Super Editor which would be legally and against the ethics of Journalism.

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Mr. Goenka assured Mr. Birla that he was trying to evolve an alternative workable proposition for them to discuss with Mr. Shukla at the next meeting. Mr. Birla informed Mr. Goenka later in the evening that another meeting had been arranged with Mr. Shukla at 10 A.M. the next day. Before the communication could reach him, Mr. Goenka had left for Mathura and so the meeting with Mr. Shukla could not take place.

The meeting could not take place in the next two days either due to the unexpected illness of Mr.R.N.Goenka at Mathura. Mr.R.N.Goenka left for Bangalore on the 9th July.

The Board meetings of the three companies were fixed for 19th July at Delhi. Mr. Goenka reached Delhi on the 19th by train on doctor's advice. No subject relating to fresh duties and responsibilities of the Chairman as wanted by him was discussed at this meeting. After the Board Meeting, Mr. Birla told Mr. R.N.Goenka that he had requested Mr. Shriyans Prasad Jain to join them in the evening when all three could have discussions. At this meeting, Mr. Goenka reiterated his stand vis-a-vis the agreement reached between Mr.Birla and himself and the part played by him in sincerely implementing that agreement.

Mr. Birla continued to harp on his inherent powers as Chairman to interfere with the administration of the editorial department. The meeting concluded without a concensus being reached. Mr.Birla, Mr.Goenka and Mr.Shukla were to meet at 6 P.M. that day.

Prior to this meeting it was conveyed to Mr. Goenka through Mr.Birla, Mr.Shriyans Prasad Jain and Mr. G.D.Kothari that if he did not agree to the proposal given to him by Mr. Birla on the 5h July. he along with his son and daughter-in-law would be detained under MISA. A similar threat was held out to Mr. Goenka prior to the agreement.

in 1975. At the meeting with Mr. Shukla, the demand for all powers to Mr. Birla was repated inspite of the fact that Mr. Goenka had pointed out the complexities of managing a chain of newspapers. He also informed them that the overall profitability of the newspapers had come down steeply by nearly 3 crores during the previous year. The Companies would have floundered except for the rental income derived from its properties. Mr. Shukla insisted that the proposal vesting new powers in Mr. Birla would have to be accepted by Mr. Goenka. He threatened Mr. Goenka with grave consequences if this was not done.

Mr. Goenka had no choice except to disagree with Mr. Birla and Mr. Shukla in the larger interests of the group of companies where more than 4000 people are employed directly and many more indirectly.

Since it was quite clear to Mr. Goenka that the spirit of the accord reached earlier would not be respected by the Government and its nominees, he wrote a letter to Mr. P.N. Dhar, Secretary to the Prime Minister, on the 20th July giving the facts and circumstances that led to this impasse (pointing) out in clear terms that if the agreement were to fall through it would be in spite of Mr. Goenka.

The " dire consequences" did not take long to follow.

On the 24th July a Press Statement was released by the Press Information Bureau under the heading:

> " LARGE SCALE TAX EVASION AND FRAUD BY
> AN INDUSTRIAL TYCOON AND NEWSPAPER KING".

This release was highlighted on AIR and TV and also in all the dailies and some language papers. The Press release contained the usual and monotonous allegations which had been repeated from time to time earlier. Although Mr. Goenka name was not directly mentioned, the allegations pointed towards him in unmistakable terms.

... the Press

Goenka released a small hand-out to Samachar, other newspapers and also TV and AIR, containing his rebuttal making it clear that as the matters were sub judice he would not comment on them. This rebuttal was published in the " Hindu" and the " Indian Express".

Mr. R.N. Goenka again wrote a letter (copy annexed) to Mr. P.N. Dhar on the 25th July in which he enclosed the abovementioned Press Release.

Another statement from the Press Information Bureau was issued as a reprisal, on the 26th July wherein Mr. R.N. Goenka's name was mentioned and the old and oft repeated-charges were again listed. Again the news item was highlighted on TV and AIR. It also featured in stories in newspapers, both English and Indian language. The Indian Express did not carry this news item because, as mentioned earlier, the matt ers being sub judice, it would amount to contempt of cour

On the 30th July a Gazette of India Extraordinary was issued, wherein the Ministry of Industry & Civil Supplies Govt of India, announced the taking over of the Management of National Company Ltd. under Sec. 18AA of the Industries (Development & Regulation) Act. A list of members of the Board of Management was announced excluding the Goenkas.

As a further measure of harassment, Mr.Goenka and some others were charge-sheeted on the 9th of August in the Metropolitan Magistrate's Court at Calcutta in matters relating to National Company. This was broadcast by AIR and al also on TV, and the news highlighted on the 10th of August by various newspapers. This is an old case pending from 1968 and in view of the invocation of article 14 the proceedings had remained suspended. The Supreme Court had recently ordered that the investigation could be continued.

The opportunity was availed of by the Government to file the charge-sheet to concide with the campaign against Mr. Goenka.

Things did not stop here. Effective from 16th August precensorship was imposed on all the eight editions of the Indian Express. The precensorship was imposed without any prior warning. The objection of the imposition of precensorship was harassment pure and simple. The Censor authorities delayed the release of the pages until as late as 7.30 A.M. in the morning. Thus making certain that the Indian Express could not be distributed along with other papers in the morning. The experience of censorship so far is that there are very few alterations by the Censor and the work should not entail more than an hour. The inordinate delay by the Censor in returning the proof pages can only mean that they are part of a campaign of persecution against the Goenkas and an attempt to tarnish the image of the Indian Express.

Mr. R.N. Goenka filed a petition on 9th August 1976 in Metropolitan Magistrate's Court at Madras, to raise the issue of contempt of Court before the High Court, as the news items carried by the paers and AIR related to matters which are sub judice. The Respondents have been served with notice and case posted to 8th September. (copy att ached).

Meanwhile, as the consequences of the purposeful delay on the part of the Censors in returning the proofs duly censored, were grave resulting in terrible loss of circulation, in that the final okay was never received from the censors before 6.30 or 7 A.M. resulting in the morning edition having to be despatched and delivered to readers only after 8 A.M. the Company had to move the High Court at Bombay by way of a writ - for redressal of this week of August 1976, the Government has instructed all DAVP advertisements and advertisements from Public Sector Institutions to be stopped for the Indian Express Publication of all centres(copy of DAVP letter attached).

During the hearings in the High Court at Bombay, and particularly on 27-8.76, when the Hon'ble Judge wanted the parties to come to a compromise and workable arran ement, the Censor Authority assured to the Court that pending a settlement, they would not delay the return of proofs, in any case note more than 3 hours in rare cases. But the morning editions of all centres on 28-8-76 could not come before 7.30 A.M. as in all centres the final okay was received only at 7 A.M. in spite of assurance to Court, which would rather amount to a contempt of Court.

COPY

R.N. GOENKA

Annexure-D

New Delhi
dt. July 5, 1976

Dear Shri Krishnakumarji,

Since we left Shri Shukla's house this morning, I have been busy looking into the implications of the proposal which you kindly sent me this afternoon. The proposal, as you would notice, is an understanding of agreements between you and me. I am sure you will agree with me that I cannot enter into an arrangement which is neither feasible nor in my opinion legal. As regards feasibility, I have consulted almost all the editors of our papers in Delhi and those whom I could contact elsewhere and I find all of them are of the opinion that day to day consultation as envisaged in the draft proposal is impossible of performance. So far as legality is concerned, it is abundantly clear to me that the editor is solely responsible for controlling the selection and publication of the matter that goes into the paper. The recent "prevention of publication of Objectionable Matter Act" emphasises the responsibility of the editor. The Press Commission also speaks of the functions of the Editor in the same vein particularly with a reference to the editor's relationship with the proprietor. If I remember correctly, Shri Shukla himself said the other day that he wanted to liberate the editor from the proprietors. This has been the constant theme of the Govt. 's pronouncements on the subject.

The Chairman of the Company represents the proprietors of the paper and the proposition which was mooted this morning to put it crudely, would make the Chairman a Super Editor. For the proprietor to function as Super Editor would be legally and ethically wrong. You will also notice in this connection that policy which we have adopted required our publications "to maintain at all times highest standards of ethics in journalism".

In my opinion the draft proposal violates the policy guidelines that we have adopted.

In this connection I would also draw your attention to the circular that the Secretary of the Company sent to all the editors copy of which I understand Mr Misra has sent to you this morning. This confirms what I told you this morning and earlier that there is no room for any misunderstanding of the arrangement which was reached between us and given effect to in the Board's resolution of December 75. The editors maintain that they have abided by the Board's resolution and strictly followed the policy guidelines.

I am just giving you some food for thought. Please ponder over it. I shall also try to evolve an alternative workable proposition for us to discuss before we meet Shri Shukla.

With regards,

Yours sincerely,

Sd. R.N. Goenka

Shri K.K. Birla
New Delhi

Copy

Indian Express
New Delhi
July 20, 1976

Dear Shri Dhar,

Knowing how busy you are, I would not ordinarily have wished to burden you with the problems of the Express Group of Newspapers but for the fact that they raise fundamental questions bis-a-vis the relationship between the Editor, Proprietor and the Government. This has come to me as a grave disappointment after the way we have tried to do the best we can to co-operate with the Government even to the extent of terminating the services of our former Editorial-in-Chief Mr. S. Mulgaokar.

Let me begin at the beginning. In October last year a suggestion came from Shri V.C. Shukla, Minister for Information and Broadcasting, for the constitution of a Committee of three eminent public men mutually acceptable to the Government and myself, to supervise the editorial policy of the paper. I readily agreed to this as is clear from the letter of our General Manager, Shri R.K. Misra, to Shri V.C. Shukla, dated 22nd October 1975 (copy enclosed, marked Annexure 'A').

Shortly after this, Shri K.K. Birla told me that he was summoned by Shri V.C. Shukla and was told that the arrangements which were discussed with Shri R.K. Misra no longer held good and a new arrangement under which the Government should have a majority of Directors on our Board would have to be agreed to, if myself, my son B.D. Goenka and my daughter-in-law, Mrs. Saroj Goenka, that is the entire family were not to be detained under Misa.

In November final proposals were put up by the Govt. regarding the constitution of the Board of Directors of the Express Group. The Government was to be represented on the Board by six persons to be chosen in consultation with me, one of whom, Shri K.K. Birla, was to be the new Chairman. Five directors were to be nominated by me. The main concern of the Government was that the Express Group should lend broad support to the Government in its policies and the measures it would adopt in the pursuit of these policies. To that end, a resolution laying down the policy of the papers was formulated.

After discussions, the draft of the policy guidelines and the letter accompanying them were finalised by Shri V.C. Shukla, Shri K.K. Birla and me on 26th November 1975, copies enclosed, marked Annexures 'B' and 'C' respectively.

This policy resolution was printed on the 6th Dec. 75 and immediately circulated to members of the editorial staff all over India. It was later officially circulated by the Company's Secretary to all editors after the meeting of the Board of Directors held on 16th January 76, at which Shri Birla was formally appointed Chairman. The circular made known to the editors the express desire of the Board that the "editorial policy is strictly adhered to and followed and that there is no violation thereof and that for this purpose the editors do report to the Chairman from time to time and seek his advice and guidance in the matter.

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The Express Group of papers have scrupulously followed these guidelines. In some cases, the Indian Express has offered some mild constructive suggestions on certain developments. But in every such case, some of our contemporaries, including National Herald, have been more forthright. As I have always pointed out in my discussions, the Indian Express or any other paper cannot serve anyone's purpose if it completely loses its credibility. This is my conviction. I have left the editors scrupulously alone in interpreting the policy guidelines. In my opinion, they have done their jon with consistent honesty.

Inspite of all this, and in total contravention of the letter and spirit of the November agreement reached with the Government, a new demand was put up to me by Shri Shukla in person which reads as follows:

> "According to agreement reached between Shri RNG, and KKB, the administration of the editorial department of the Express Group of Newspapers shall vest exclusively in the Chairman. This includes day to day administration policy of the newspapers. However, any action which involves any extra financial burden on the company will not be taken by the Chairman without the approval of the Board. The financial and business side of the group will be under the charge of the Managing Director as hitherto."
>
> "No action shall be taken by the Chairman or the Managing Director which will be in violation of any of the existing laws".

This demand sought to vest complete administrative control of the editorial department on the Chairman. In explaining the meaning of the note, Shri Shukla spelled out for me that it included the right to dismiss, appoint, transfer and give day to instructions to the editors.

On my return from that meeting I prepared a letter for Shri Birla in which I put forward my views about the unworkability of the proposals from the legal as well as from the professional point of view. Copy of the letter is enclosed marked as Annexure 'D'.

There the matter rested till yesterday the 19th July '76 when there was a meeting of the Board. There was no discussion at the meeting, of the new powers proposed for Shri Birla. But in the evening a meeting was arranged with Shri Shukla to which I accompanied Shri Birla. Shri Shukla maintained that the Indian Express has violated the guidelines on several occasions. I told him that the only occasion which was pointed out by the Chairman to me was an article on the judgment of the Supreme Court on a Habeas Corpus Petition. I explained that several papers including the National Herald had already commented on the judgement more strongly, whereas the Indian Express had made constructive suggestions. Shri Shukla said that other papers may be critical but the Indian Express was expected to give unqualified support to the Govt. The logic of this discrimination [illegible] to follow. Finally Shri Shukla repeated his [illegible] again the cautious approach. Thereupon Shri Shukla said there would be grave consequences for me if I did not accept his proposals straightway.

Prior to my meeting Shri Shukla on the 19th it was communicated to me by him through Shri Birla, Shri Shriyans Prasad Jain and Shri G.D. Kothari that if I did not agree to the proposal given by to me by him on July 5, 1976 I along with my son and daughter-in-law would be detained under MISA. A similar threat was held out to me prior to the agreement in Nov. 1975.

I have given 45 years of my life to build up the Express Group from scratch. What the papers mean to me I shall never be able to make anyone else appreciate fully. But leaving that aside, I may claim with pardonable pride to know something about every aspect of anewspaper, from the minutiae of editorial work to its printing, publication and business management. I am particularly aware of the delicate relationship of a proprietor with the editor . I do not think any editor who lays claim to professional integrity will find it possible to submit to the kind of overlordship that is sought to be exercised by the Chairman, who after all, represents the management. The net result will be a loss of morale throughout the entire editorial staff and the Express Group will never be able to recover from such a blow. I may point out also that there have been several pronouncements by spokesmen of the Government, including Shri Shukla, on this very subject of the editors' responsibility vis-a-vis the proprietor or any other outside authority. These pronouncement support my stand.

I do not see any way out of this situation. On the one hand it goes against the grain after my experience of 45 years of dealing with such matters. On the other hand, in submitting I see nothing except gradual degeneration of the paper and its financial collapse. This surely is not what is being sought to be achieved.

Perhaps you could give me some advice in the matter. Be as it may be let me assure you that I shall continue to a adhere strictly to the editorial policy that has been agreed to in November 1975.

With regards,

Yours sincerely,

Sd/ R.N. Goenka

Shri P.N. Dhar,
Secretary to the Prime Minister,
Prime Minister's Secretariat
NEW DELHI

Encl: as above.

According to agreement reached between Shri R.N.G. and K.K.B. the administration of the editorial department of the Express Group of Newspapers shall vest exclusively in the Chairman. This includes day to day administration policy of the nesspapers. However, any action which involves any extra financial burden on the Company will not be taken by the Chairman without the approval of the Board. The financial and business side of the group will be under the charge of the Managing Director as hitherto.

No action shall be taken by the Chairman or the Managing Director which will be in violation of any of the existing laws.

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

LARGE SCALE TAX EVASION AND FRAUD BY AN INDUSTRIAL TYCOON AND NEWSPAPER KING.

PROSECUTIONS LAUNCHED.

New Delhi, Sravana 2, 1898
July 24, 1976.

A leading industrial tycoon and newspaper kind controlling a chain of newspapers published simultaneously from Madras, Bombay, Delhi, Madurai, Bangalore and Ahmedabad and other places have been caught by the Incometax Department for deliberate fraud and evasion of tax of income of over Rs. 2 crores by resorting to various ingenious methods.

BENAMI TRANSACTIONS.

An array of facts showed beyond doubt that unaccounted moneys of the group were coming to the surface under a benami name for being used in the business. What was attempted was a comprehensive strategy to camouflage the real source and ownership of the funds, which involved the setting up of dummies, simulation of transactions, falsification of accounts, fabrication of documents, clandestine understanding with senior executives in key positions and analogous techniques.

This industrial group began cornering large blocks of shares of an important steel company. The purchases which were to the tune of about Rs.10 crores were financed partly by funds whose origin was suspect. Of the suspect category was a chain of remittances amounting to about Rs. 1.5 crores purported to emanate from a bank account in a metropolitan city standing in an assumed name operated by a dummy, who was a very near relation of the person controlling the group. The remittances were made to one of the companies of the group and were later channelled to convenient outlets for the purposes of investment in shares of the said steel company. The remittances were invariably preceded by cash deposits of equivalent or near equivalent amounts in the bank account.

These manipulations have been successfully detected by the Incometax department with the aid of fully documented evidence and the funds have been assessed in the hands of one of the [illegible] as its undisclosed income for purposes

Prosecutions for concealment of income have been launched under the Incometax Act and for the offences of conspiracy, giving of false evidence and falsification of evidence under the Indian Penal Code against the newspaper kind, his associates and the concerned companies.

FRAUD

In another case of the same group, attempt made to pass off a non-existing firm as genuine and to claim capital loss of Rs. 85 lacs as the trading loss of the ghost firm has been foiled. The Incometax department discovered that, in this process, the group resorted to ante- dating the alleged partnership deed, getting entries interpolated in the stamp register and in the Receipt Register of the Incometax Department.

It was noticed that shares of an important steel company were being acquired by the group evidently with the intention of acquiring control over the management of the steel company and the same was being done primarily in the name of two of the companies of the group. Earlier, the shares of the steel company were held by way of investment as distinguished from stock-in-trade. Then came a crash in the prices of shares of the steel company. The result was that the two companies of the group which were mainly holding the shares of the steel company, were faced on the one hand, with huge liabilities and on the other, with very large losses. These losses could not be set off against the other income, if any, of the said two companies as their holdings of the shares of the steel company were by way of investment. An ingenious scheme was, therefore, hatched and four of the companies of the group and their directors and others entered into a conspiracy to fraudulantly form a bogus firm and make it falsely appear that the firm had been formed from an earlier date. The business of the said firm purported to be the business of dealing in shares. The capital of the said firm was purported to be contributed by the four companies of the group in the form of share holdings, mostly shares of the steel company held by the companies of the group. By making a false and fraudulent claim as to the existence of the firm, capital losses to the tune of about 85 lacs were sought to be saddled on the bogus firm to get the said losses set off, in turn, by the four partner companies, in the proportion of their shares in the [illegible] their other income, and thereby cheat the [illegible] half a crore

The game was seen through and after a through and systematic investigation, the Incometax Department has launched prosecution under the Incometax Act for false verification and false statements, including fabricated partnership deed, and for abetment against the paper king and his satellies.

In connection with the shady affairs of this group, action has also been initiated against an Asst. Commissioner of Incometax who has been placed under suspension.

The Incometax Department in its relentless war against black money has besides intensifying survey, search and seizure operations, taken up a number of important cases of suspected large-scale tax evasion for deeper probe by its specialised investigating agencies.

766/4 24-7-76 1645

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA.

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The game was seen through and after a through and systematic investigation, the Incometax Department has launched prosecution under the Incometax Act for false verification and false statements, including fabricated partnership deed, and for abetment against the paper king and his satellies.

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766/4 24-7-76 1645

Copy

R.N. Goenka

Member, Lok Sabha

Express Building,
Bahadurshah Zafar
Marg

New delhi - 1

July 25, 1976

Dear Shri Dhar,

I wrote to you last Tuesday the 20th July, 1976, about my meeting with Shri V.C. Shukla, Minister for Information & Broadcasting, at which he threatened me with "grave consequences" if I did not unreservedly accept his demand that Shri K.K. Birla, Chairman of the Indian Express and Hindustan Times Boards be given complete control of the editorial department of the Express Group which included the right to appoint, transfer, dismiss and give day-to-day instructions to the editors.

I am writing to you again because my worst fears are being realized. I am being attacked personally. Shri Shukla, I am afraid, has proceeded to misuse his powers to blacken my name and reputation. His intention is evident from the fact that there is otherwise no occasion for the Press Information Bureau, which is under his charge, to distribute an official release last evening alleging that "a leading industrial tycoon and newspaper king controlling a chain of newspapers published simultaneously from Madras, Bombay, Delhi, Madurai, Bangalore and Ahmedabad and other places" - this can only refer to me "has been caught by the Income Tax Department for deliberate fraud and evasion of tax on income of over Rs. 2 crores "(copy enclosed) There is nothing new about the charges alleged in the Press Note; they have been made before and are being repeated with the sole object of maligning me. The charges are not only libellous and mischievous; they also amount to contempt of court since the allegations are still pending before the courts and no judgment has been pronounced on them so far. The language in which I have been described and the assumption of guilt it makes are clearly an attempt to influence the courts as well as to damage my reputation.

Several newspapers have published these charges prominently and in detail because they came from the Government. Others have been more cautious in view of the possibility of contempt and the obvious malice conveyed by the language of the release. All India Radio and Television, which are under the control of Shri Shukla, put out the charges in detail in news broadcasts, thus providing another instance of blatant misuse of official machinery.

Some of the charges publicised by the Press Information Bureau relate to matters covered by the Voluntary Disclosures Scheme. The Income Tax Authorities had pursuaded me to "buy peace" in spite of my being able to satisfy them about the return I had filed. I agreed to their suggestion to avoid any confrontation with the Government. I would also like to point out that the Government had pledged to treat such matters "secret". The Press Information Bureau release , therefore, contravenes a solemn assurance given by the President of India.

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All this makes it clear that the barrage of charges hurled against me by departments under the charge of Shri Shukla are the first shot in his campaign to ruin me and the Express Group of Newspapers because I failed to comply with his demand. Obviously the campaign will be stepped up further and other steps will be taken if he remains free to misuse official machinery.

In so far as the policy of the Express Group of Newspapers is concerned to my knowledge, the editors have scrupulously observed the agreement reached between Shri Shukla, Shri K.K. Birla and myself. The editors of the Express Group has also submitted to all kinds of irregular telephonic instructions from the Chief Censor's Office which were outside the ambit of the Censorship Guidelines and not confirmed in writing for obvious reasons.

I do not know what more is in the offing. Nor do I know what I should do in these circumstances. I am writing to you because I feel that you should be kept informed about these developments. May I request you to please convey my predicament to the Prime Minister?

With Regards,

Yours sincerely,

Sd/R.N. Goenka.

Shri P.N. Dhar,
Secretary to the Prime Minister,
Prime Minister's Secretariat
New Delhi.

Encl: Copy of Press Information Bureau Release.

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA
****

ACCUMULATION OF BLACKMONEY THROUGH
MALPRACTICES

CBI CASE AGAINST SHRI RAM NATH GOENKA

NEW DELHI, SRAVANA 4, 1898
July 26, 1976

Perhaps amongst the leading business houses of this country one which has come to notice persistently for resorting to malpractices for accumulating black-money is that of Shri R.N. Goenka. As far back as December 1965 a case had to be registered in the CBI against the management of National Company Ltd, and its officers and employees for preparing false vouchers containing higher prices for jute than actually paid for it. The difference amounting to lakhs of rupees was accumulated as blackmoney by the management and by showing inflated prices of raw jute the profits were brought down and in this manner the Income-tax Department was cheated of their legitimate dues. In this case a charge-sheet was filed in December 1967 against a number of officers connected with purchase of jute on charges of conspiracy, cheating , forgery and use of forged documents. The progress of the case in court was obstructed by a number of petitions at interlocutary stages but all these petitions were ultimately rejected and the case has now been committed to Sessions.

Another case relating to allegations of conspiracy, criminal breach of trust, use of forged documents, etc. was registered in the CBI against the same company and its Directors, namely, Shri R.N. Goenka, his son Shri B.D. Goenka and others and certain officials of the Company, in February 1970 after some investigation by the Department of Company Affairs. In this case also same tactics were adopted and on the basis of writ applications which were ultimately dismissed orders for stay of investigation were obtained by the accused. Ultimately the accused succeeded in getting a stay in regard to filing of a charge-sheet pending disposal of the appeals against dismissal of various writ petitions. This stay also has been vacated recently.

Such mal-practices were not confined to jute companies but were extended to the newspaper chain controlled by Shri R.N. Goenka with the specific purpose of obtaining funds for cornering shares of a public Limited Company. Certain newspapers controlled by the Express Group obtained credit facilities, one the basis of stocks which did not exist, and the money obtained from banks in this manner, which amounted to several lakhs, was utilised for purposes entirely unconnectdd with the running of the nesspapers. A chargesheet in this case was filed against Shri R.N. Goenka, Shri B.D. Goenka and others on 21.5.1973. In this case one witness has already given details of the various malpractices resorted to under the orders of Shri R.N. Goenka and B.D. Goenka for getting funds from banks on the basis of non-existent stocks, and false documents. The trial of the case is proceeding at present in a Madras

Unfortunately for Shri Goenka cornering of shares of a public limited company out of funds obtained in the above manner did not achieve its objective and as the value of these shares fell Shri Goenka sustained a loss of several crores. To wipe off this loss by the profits of the newspapers chain, which was highly profitable, a conspiracy was then alleged to have been hatched. As a first step to this conspiracy, a private partnership company under the name and style of M/s Express Traders was formed and its formation was ante-dated to conceal the fact that it had really been formed after the speculation activities and cornering the shares of a company had ended in a loss amounting to crores. After ante-dating the formation of M/s Express Traders a loss of more than Rs 85 lakhs in speculation of shares- mainly IISCO shares -- was transferred to the nesspaper company and thus the profits made by them were wiped off and the income-tax department was cheated of the income-tax on these profits. This matter relating to evasion of Income-tax has been investigated by the Income-tax Department and they have assessed the income-tax liabilities of Shri Goenka at a few crores. The income-tax arrears have, however, yet to be realised.

K/T:JCC:RKS:TSN

795/3 26.7.76 1530

INDIAN EXPRESS , NEW DELHI 25-7-76
HINDU , MADRAS 26-7-76

GOENKA'S REBUTTAL

Mr. Ram Nath Goenka issued the following statement today:

"The Press Information Bureau, Govt. of India, has made wild allegations against me in a Press Note issued yesterday without mentioning my name.

I do not propose to traverse over the points mentioned therein, as the matter is sub judice. I for one shall await the judgment of the courts notwithstanding the Government action".

REGISTERED NO.D(D).72.

THE GAZETTE OF INDIA
EXTRAORDINARY
PART II Section I-Sub-Section(ii)
PUBLISHED BY AUTHORITY.

No.349 NEW DELHI, FRIDAY JULY 31, 1976/SRAVANA 8, 1898
Separate paging is given to this part in order that it may be filed as a separate.

MINISTRY OF INDUSTRY AND CIVIL SUPPLIES
(Department of Industrial Development)

ORDER

New Delhi, the 30th July 1976.

S.O.512(E) -whereas M/s National Company Limited, Calcutta, in the State of West Bengal (hereinafter referred to as the said industrial undertaking) is engaged in a scheduled industry, namely Jute Industry:

And Whereas from documentary or other evidence in its possession, the Central Government is satisfied, in relation to the said industrial undertaking that the person in charge of such industrial undertaking have, by diversion of funds, , brought about a situation which is likely to affect the production of articles manufactured or produced in the said industrial undertaking and that immediate action is necessary to prevent such a situation;

Now, therefore, in exercise of the powers conferred by Clause (a) of sub-section (i) of Section 18 AA of the Industries (Development and Regulation) Act, 1951(65 of 1951) the Central Government hereby authorises the body of persons consisting of :-

CHAIRMAN

1. Lt.Gen.J.S.Arora/C. Webster Lts, 23-A, Netaji Subash Road, Calcutta 700-001.

MEMBERS

2. Shri I.L.Tripathi, C/o Tripathi Pareek (Consultants) P.Ltd, 18, Netaji Subash Road, Calcutta-1.
3- Shri G.S. Sivaraman c/o Duncan Bros Co.Ltd., Netaji Subhas Road, Calcutta-1.
4. Shri Amol Ganguli, c/o Prince Water House Peat&Co. Calcutta-1.
5. Shri S.P. Sengupta Chief Manager, Commercial Dvn, State Bank of India, Calcutta.
6. Shri Hrishikesh Ghose, Jute Technologist, 46, Satish Mukherjee Road, Calcutta-6.
7. Shri C.R. Sengupta, Deputy General Manager, Industrial Development Bank of India, Reserve Bank of India Building, Calcutta-1.
8. Shri O.P. Berry, Industrial Development Bank of India, New India Centre, 17, Cooperage, P.B.1241, Bombay
9. Prof.Nityananda de, c/o Bangabhasi College, 19, Scott Lane, Calcutta-9.
10. Shri Gautam Ukil, Managing Director, Jute Corpn. of India, Calcutta-71.
11. Shri K.K. Chatterjee, Industrial Adviser, Office of the Jute Commissioner, 20, British Indian Street, Calcutta-69.

(hereinafter referred to as the authorised body) to take over the management of the whole of the said industrial undertaking namely, National Company Ltd., on the following terms and conditions namely:-

1. The authorised body shall comply with all directions issued from time to time by the Central Government;

2. The authorised body shall hold office for a period of five years from the date of publication in the official gazette of this order.

3. The Central Government may terminate the appointment of the authorised body earlier if it considers necessary to do so.

2. This order shall effect for a period of five years commencing from the date of its publication in the official gazette.

X No.F.3/7/76-CUC)
D.K.Saxena, Jt.Secretary.

/true copy/

Alleged Fraud on Bank: Eight Chargesheeted

NEW DELHI, Aug. 9.

Mr. Ramnath Goenka and seven others were chargesheeted to-day before the Chief Metropolitan Magistrate, Calcutta, under Section 120-B I.P.C. read with Section 420 and Section 477-A I.P.C. for alleged conspiracy and fraud.

The prosecution story, according to an official press release, is that Mr. Ramnath Goenka as Director of M/s National Company Ltd., Calcutta—a premier jute manufacturing company—allegedly entered into a conspiracy with some of his office-bearers and jute suppliers to take advantage of the cash credit agreement with the State Bank of India and defraud the bank of several lakhs of rupees, the maximum amount at one time coming to nearly Rupees one crore.

National Company Ltd., had entered into a cash credit agreement with the then Imperial Bank of India in July 1948 whereby the Imperial Bank of India had agreed to grant accommodation to the accused company for a sum of Rs. 50 lakhs on the condition that the borrowers' stock of jute (raw or processed) in the borrowers' godowns would be hypothecated with the bank with a declaration by National Company that all the goods so hypothecated were the absolute property of the borrowers at the sole disposal of the borrower and free from any prior charge or encumbrance.

The borrower i.e. National Company Ltd., was also required to submit to the bank monthly, or oftener as may be required, stock statements with a list of grant of insurance policies and amounts attached, verified by certificates of managing agents. The agreement was subsequently modified on several occasions and the cash credit limit was raised gradually through supplementary agreement till February 1968 when the cash credit limit was raised to Rs. 4.16 crores. In February, 1968 vide another agreement, between National Company Ltd., and the State Bank of India, the company was also granted a cash credit facility of Rs. 50 lakhs under the export package credit account. Later National Company Ltd., approached the State Bank of India whereby the export packing credit limit was raised from Rs. 50 lakhs to Rs. 300 lakhs against corresponding reduction in the cash credit limit.

On investigation carried by the C.B.I., it was revealed that Mr. R. N. Goenka had allegedly entered into conspiracy with Mr. Inder Chand Churaria, jute purchase officer of National Company Ltd., Mr. Jinendra Kumar Banthia, Managing Director of Banthia Jute Suppliers Private Ltd., Calcutta, Mr. Dhirender Kumar Banthia, Mr. Ridh Karan Anchalia, Proprietor of M/s Ridh Karan Anchalia, Calcutta, Mr. Lakshmi Narain Kojani, Accountant of M/s Kojani Jute Baling Company Private Ltd., Calcutta, Mr. Mohan Lal Kojani, Managing Director of M/s. Kojani Jute Company Ltd., Calcutta and Mr. Birender Kumar Bose, Assistant, Costing Department, National Company Ltd., and other unknown persons between June 1968 and September 1970 to cheat the State Bank of India, Calcutta, by dishonestly and fraudulently inducing the bank to advance money to National Company Ltd., under the aforesaid agreement in excess of money to which National Company Ltd., was lawfully eligible. In pursuance of the same he furnished false weekly stock statements containing highly inflated figures of stocks of raw jute and deliberately falsely certified in the said statements to the effect that in terms of the deed of hypothecation, executed by National Company Ltd., in favour of the State Bank of India, the stocks referred to in the said agreement were their absolute property, were at their sole disposal and were free from any prior charge and encumbrances.

In pursuance of this alleged criminal conspiracy National Company Ltd., entered into agreements about the purchase and sale of raw jute with Pridh Karan Anchalia, Banthia Jute Suppliers Private Ltd., and Prem Raj Hazari Mal and Kojani Jute Baling Company, Calcutta, in June 1968 containing certain terms which indicated the design to commit fraud and cheat the State Bank of India.

According to these agreements, the aforesaid jute suppliers were required to promptly offer to sell to National Company Ltd. the entire quantity of raw jute purchased by them at the price prevailing in the market on the dates of such offer. However, National Company Ltd., had the option to purchase the entire quantity of raw jute so offered or part thereof at their sole discretion. In the event of the National Company exercising its option to purchase any part of jute so offered, the suppliers were bound to enter into appropriate contracts in accordance with the law for the sale and delivery of the raw jute to National Company. The Company was also required to advance money from time to time to the jute suppliers at mutually agreed terms and these advances were to be refunded or adjusted against the price of raw jute given by the suppliers.

Mr. Ramnath Goenka and Mr. Inder Chand Churaria are alleged to have attempted to cheat the State Bank of India, Calcutta, and allow them to draw moneys under the cash credit and export packing credit account by hypothecation of goods and raw jute which were not their absolute property and several false reports were made by Mr. R. N. Goenka in his letters and meetings with the officials of the State Bank of India. In the duration National Company Ltd., was able to draw large sums of money from the bank on the basis of allegedly false and inflated figures by misrepresentation of facts and thereby cheating the State Bank of India.

The weekly stock statements submitted by Mr. Inder Chand Churaria to the State Bank of India were widely divergent from the stock statement of raw jute submitted to the Jute Commissioner, Calcutta. Copies of letters written by the jute suppliers containing misrepresentations of facts regarding stocks of jute lying with them even mentioning godowns which were non-existent were furnished by Mr. R. N. Goenka to the State Bank of India. Thus, Mr. Goenka was alleged to have been actively aided by Messrs. Jinender Kumar Banthia, Dhirender Kumar Banthia, R. K. Kumar Anchalia, Lakshmi Narain Kojani, Mohan Lal Kojani, etc., in furtherance of his fraudulent design to cheat the State Bank of India.

Mr. Inder Chand Churaria had also allegedly made fraudulent misrepresentations to the State Bank of India in getting the drawing powers fixed at higher level from time to time.

The case was registered for investigation in February 1970 but the progress on investigation was stalled through various writ petitions filed by the accused. The case will be tried by the Chief Metropolitan Magistrate, Calcutta, shortly.

The C.M.M. has fixed the next date of hearing on September 18 when the accused have been directed to appear in court.—Samachar

NO. II/14011/140/76-S&P(D.IV)
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS

New Delhi, the 16th August, 1976

ORDER

WHEREAS the Central Government is of opinion that for the purpose of securing the defence of India and civil defence, the public safety and maintenance of public order, it is necessary so to do;

AND WHEREAS the Central Government is further of the opinion that the privilege of self-censorship extended under a Working arrangement (not amounting to any modification of G.O. 275 (E) and as amended from time to time) is not sufficient for the aforesaid purpose in the case of the Indian - Express and Sunday Standard and it is necessary to pass a specific order;

NOW, THEREFORE, in exercise of the powers conferred by Sub-rule (1) (a)/(aa) of rule 48 of the Defence and Internal Security of India Rules, 1971, the Central Government hereby makes the following order, namely:-

(1) That no matter shall be published in the 'Indian Express' or in the 'Sunday Standard' newspaper published from New Delhi, Bombay, Madras, Madurai, Vijayawada, Bangalore, Ahmedabad and Cochin, unless such matter has been submitted for scrutiny ----

(a) in New Delhi, to the Chief Censor to the Government of India, Shastri Bhavan, 'A' Wing, Ist floor, Dr. Rajendra Prasad Road;

(b) in Bombay, to the Special Press Adviser, Government of Maharashtra, Sachivalaya;

(c) in Madras, to the State Censor, Shastri Bhavan, Ground floor, Haddows Road;

(d) in Madurai, to the Censor, Govt. of India, Kothai Illam, Ist floor Plot No:67, 2nd North Street, Srinagar Anna Nagar;

(e) in Vijayawada, to the Assistant Collector and local Censor, Sub-Collector's office;

(f) in Bangalore, to the Additional Secretary to the Govt. of Karnataka, Home Department, Vidhana Soudha;

(g) in Ahmedabad, to the State Censor, Akhandananda Hall, Bhadra;

(h) in Cochin, to the Censor, Government of India, Kumari Mandiram, Wariam Road, Ernakulam.

and publication thereof is authorised in writing by the said Chief Censor or other authorities, as the case may be.

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(2) That no such publication shall be made except in accordance with such conditions or restrictions as the said Chief Censor or other authorities, as the case may be, may impose.

(3) This order is hereby addressed to Shri V.K.Narasimhan, Editor-in-Chief, and the Printers and publishers of the 'Indian Express' and the 'Sunday Standard' published from New Delhi, Bombay, Madras, Madurai, Vijayawada, Bangalore, Ahmedabad and Cochin.

(4) This Order shall take effect immediately on service upon the Editor-in-Chief and printers and publishers.

By order and in the name
of the President

Sd/-

(NARESH CHANDRA)
UNDER SECRETARY TO THE GOVT.OF INDIA.

To

1. Shri V.K. Narasimhan,
Editor-in-Chief of the 'Indian Express' and the 'Sunday Standard' Express Building, Bahadurshah Zafar Marg, New Delhi.

2. Shri R.K. Misra,
Printer & Publisher of the 'Indian Express' and the 'Sunday Standard' Express Building, Bahadurshah Zafar Marg, New Delhi.

3. Shri P.M. Rajagopalan,
Printer & Publisher of the 'Indian Express' and the 'Sunday Standard', C/o Indian Express Press, Bombay-21.

4. Shri R. Ramakrishnan,
Printer & Publisher of the 'Indian Express' and the 'Sunday Standard' C/o Indian Express Press, Bombay-21.

5. Shri R. Ramakrishnan,
Printer & Publisher of the 'Indian Express' and the 'Sunday Standard' Dinamani Press, Express Estate, Madras-600002.

6. Shri P. Krishnaswamy,
Printer & Publisher of the 'Indian Express' and the 'Sunday Standard' Dinamani Press, Express Gardens, Madurai-625009.

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6. Shri R. Ramakrishnan,
Printer & Publisher of the 'Indian Express' and the 'Sunday Standard' Andhra Prabha Press, Vijayawada-520003.

7. Shri K. Sankar Nayar,
Printer & Publisher of the 'Indian Express' and the 'Sunday Standard' ~~C/o Indian Express~~ 1, Queens Road, Bangalore - 560001.

8. Shri P.M. Rajagopalan,
Printer & Publisher of the 'Indian Express and the 'Sunday Standard' C/o Indian Express Press, Jansatta Karyalaya, Mirzapur Road, Ahmedabad.

9. Shri A.P. Viswanathan,
Printer & Publisher of the 'Indian Express' and the 'Sunday Standard' Indian Express Press, Calvetti, Fort Cochin, Cochin-682001.

Copy forwarded to :-

1. Chief Censor to the Govt.of India, Shastri Bhavan, New Delhi.
2. Chief Secretary, Delhi Administration, Delhi-6.
3. Director of Information & Publicity and State Censor, Delhi Administration, Delhi-6.
4. Chief Secretary, Govt.of Maharashtra, Sachivalaya, Bombay.
5. Special Press Adviser, Government of Maharashtra, Sachivalaya, Bombay.
6. Chief Secretary, Govt. f Tamil Nadu, Fort St.George, Madras.
7. State Censor, C/o Press Information Bureau, Shastri Bhavan, Ground Floor, Haddows Road, Madras.
8. Censor, Govt.of India, Kothai Illam, Ist floor, Plot No.67, 2nd North Street, Aringar Anna Nagar, Madurai.
9. Chief Secretary, Govt. of Andhra Pradesh, Hyderabad.
10. State Censor & Director of Information and Public Relations, Govt.of Andhra Pradesh, Hyderabad.

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11. Asstt. Collector & Local Censor, Sub-Collector's Office, Vijayawada-2.

12. Chief Secretary, Govt. of Karnataka, Vidhana Soudha, Bangalore.

13. Additional Secretary to the Govt.of Karnataka, Home Department, Vidhana Soudha, Bangalore.

14. Chief Secretary, Govt.of Gujarat, Gandhinagar.

15. State Censor, C/o Press Information Bureau, Akhandananda Hall, Bhadra, Ahmedabad.

16. Chief Secretary, Govt.of Kerala, Trivandrum.

17. State Censor, C/o Press Information Bureau, Lakshmi Nivas, T.C. 14/1449, Panavilla Junction, Thycaud, Trivandrum.

18. Censor, Govt.of India, C/o Press Information Bureau, Kumari Mandiram, Wariam Road, Ernakulam, Cochin.

Sd/-

(NARESH CHANDRA)
UNDER SECRETARY TO THE GOVT.OF INDIA.

Ex. No "6"

Copy

D. A. V. P.

DR/10504/76

Secret

August 19

Dear Sir,

We advised you on August 5 through our circular DR/9937/76 and DR/9958/76 not to release any advertisements to The Statesman/Calcutta/Delhi and Tribune, Chandigarh. We notice that some public sector undertakings are continuing to release advertisements. This may be stopped forthwith and advice sent to us.

I am now desired to advise you not to release any advertisements to any newspaper published by or connected with Indian Express Group. A list of such papers is enclosed. Action taken by you may be reported immediately.

M.N. Sethi
DAVP

Indian Express

Sunday Standard

Screen

Financial Express

Lok Satta

Sunday Loksatta (Marathi)

Sunday Loksatta (Gujarati)

Dinamani

Andhra Praha - Daily

Andhra Prabha- Weekly

Kannada Prabha

Nutan Gujarat

Rang Tarang

Dinamani Kadir

Janasatta

Chandni

Annexure 'A'

Indian Express
New Delhi

22nd Oct. 1975

Dear Mr. Shukla,

At my meeting with you on Thursday, in which Mr. Dinesh Singh was kind enough to assist, we had a broad discussion on the scope and nature of the possibilities of constructive co-operation by the Indian Express group of nesspapers with the aims and object of governmental policies. Let me repeat at the outset that the meeting took place entirely at my initiative. I had no authority to speak on behalf of the Indian Express but I indicated my readiness to use my influence and ersyasuib with Mr. R.N. Goenka to the extent an honourable working arrangement satisfactory to all parties was available.

You expressed the wish that the Indian Express could be more friendly and co-operative in its attitude to the government. Mr. R.N. Goenka's response to this was that there never was and could not be any question of confrontationand hosbility to the government as this could cozly hurt the Express Group publications themselves and, even more important, the national interest. This is not to claim that the Indian Express group has consistently supported governmental policies. But by and large it has supported the broad direction of the government's policies even while criticising them in some aspects. In the main, however, the brunt of criticism has been on the ground of implementation of governmental polities and programmes.

Mr. R.N. Goenka was prepared to accept that the emphasis has been occasionally misplaced giving reasonable cause for unhappiness to the government. But it has not been his practice to interfere with the discretion of the Editor so long as the Editor acted on objective consideration without malice and expressed himself in responsible language within the confines of the paper's traditional policy of independent judgement on issue of public interest.

If what is now expected of the Indian Express is a more positive and constructive view of the government's objectives, Mr R.N. Goenka was in agreement. He is not unmindful that much good has resulted from the present active phase of governmental intervention in several fields of the nation's life in terms of productivity, discipline and good order and he is himself of the opinion that these measures which are in obvious public interest should be pursued more energetically.

He would also like to point out that the Indian Express Group of Newspapers (which includes several newspapers in the Indian languages) has a circulation of a million copies and a certain attitude in the treatment of public issues is associated with the group in the minds of its readers. He would like to think these were not irresponsible attitudes. He mentions this because he feels that violent departures from these attitudes will destroy the group's credibility and in that situation it will not serve anyone's interest ultimately.

To the suggestions of a committee of eminent men in public life to oversee the editorial conduct of the paper and to resolve difference if they arise. Mr. R.N. Goenka's reaction is that he would have no objection to an editorial trust which would give guidance to the Editor on broad matters of policy.

It is not within the Editor's competence to lay down policies. His proper function is to execute the policies handed down to him in the name of the paper. But any device which will interest itself with the day-to-day conduct of the paper by the editor will be found to be unworkable. Mr. R.N. Goenka says this from his own long experience of the newspaper business in all its diverse elements.

There was a reference to cases against the Express group in relation to income-tax dues, payment of public deposits and some other matters.

Mr. R.N. Goenka would be quite happy for the cases to be allowed to proceed in courts of law strictly on merit to assess his income-tax dues to the government and his guilt in the criminal acts he is believed to have committed etc.

His performance in the repayment of deposits has been commended by the Reserve Bank, 7.5 crores having been repaid in the last 3 years leaving only 2.70 crores to be retired which also has been fully secured by a mortgage created in favour of the depositors on the Express Towers, Bombay, which is valued at Rs. 10 crores.

The Indian Express Group has been under considerable disability for some time from complete lack of co-operation from various departments of the government. All he hopes for fromthe Government is equal treatment with other newspapers in the matter of publication, allocation of foreign exchange, newsprint and other facilities. He wants no privilege, concessions or favours which are not in the normal course available to other newspaper establishments.

With regards,

Yours sincerely,

Sd/ R.K. Misra
Genl. Manager

Shri V.C. Shukla,
Minister for Information & Broadcasting
Govt. of India,
New Delhi.

Copy

Calcutta,
November 26, 1975

Personal & Confidential

My dear Krishnakumarji,

I am very happy to inform that as a result of your efforts, the differences existing between the Indian Express Group and the Government are likely to be resolved. I would, however, like to offer the following suggestions which, if found acceptable, may lead to a final and satisfactory settlement of the issue.

I agree to the proposal that the Board should consist of eleven members and you should be the Chairman of the said Board, I shall nominate five members of the Board, of the remaining six names, I have already agreed to tthe four names including yourself. The other two names will be decided upon between us. I feel that there will be no difficulty in this respect. I had forwarded a panel some time back to you from which I suggest the two Directors may be selected. If you so desire, I can send you a supplementary list for the purpose.

May I point out that I agreed to the Government selecting or nominating six names in principle, but I made it clear on all relevant occasions that such nominations or selections should be made with my consent. If, however, it was not understood by you in the manner intended I would say that it was a ~~xase~~ of misunderstanding, I would like to assure you and the Government that in pressing for this point, there is no question of any stubbornness on my part, My main consideration in pressing this is that the Company and the paper function smoothly which is possible only if it has a homogenous Board. Further, as you are aware, a number of prosecutions have been launched against me and the members of my family by various governmental departments. These cases have been filed against us ad Directors of Indian Express Group. Naturally I would like to fight these cases successfully and would not like myself to be driven to a position whereby I find it difficult to defend myself. For this purpose also, I ffel a homogenous Board is necessary.

There is at present one member on the Board representing the bankers of the Company, Punjab National Bank. This person will have to be dropped from the Board and this can only be done by the Government asking the Bank to withdraw its nominee.

The main intention of the government has been that the paper may support it in its various policies and measures. As a further safeguard to meet this end, I am proposing that the Board may pass a resolution (copy enclosed) setting out the editorial policy of the paper.

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I would also like to assure you that these guidelines will not be changed or altered except with the consent of the Directors. It is also agreed that administrative management and financial control would be in charge of the present management. The Editors of the various papers to the Group would work under the supervision of the Chairman in regard to the implementation of policy as laid down Suitable resolutions in these respects will be passed by the Board of Directors. These matters will of course be subject to the overall control of the Board.

I hope you will find the above suggestions satisfactory.

I shall only be too happy if the spirit behind my proposal is properly appreciated and favourably responded to by the Government.

Yours sincerely,

Sd/ R.N. Goenka

Shri K.K. Birla,
Calcutta.
Encl.

The objectives and policies that should be reflected in the views and news published in the Indian Express Group of Newspapers.

The Board of Directors considered the question of setting out the broad objectives and policies that should govern the publication of the Indian Express Group. It was resolved that the papers should follow the guidelines indicated below:

a) To promote among the people of India ideals of good citizenship and to inculcate in them the spirit of discipline and the value of character.

b) To uphold the Directive Principles of State Policy and the preamble to the Constitution of India and in furtherance of that cause:-

i) To advocate a national economy in which state enterprise along with individual initiative and private enterprise not in discordant with public good would enjoy a valued place.

ii) To advocate moral and material progress in all spears of activities viz, social, political and economic.

iii) To resist obscurantism, regimentation and totalitarian in any form.

iv) To foster ideals of national unit and international amity by eschewing all narrowness in outlook and regional and linguistic chauvinism.

c) To ensure the publication of news and views in conformity with the law; there should also be scrupulous avoidance of all obsence materials and of items that tend to blackmail or vilify any one for personal gains.

d) To infuse all comments and criticisms with utmost objectivity and to be above bias or partisan outlook.

e) Generally to lend support to the Government for all measures for the emancipation of people and in particular to support:

i) the 20 Point Economic Programme announced by the Prime Minister and to all the socio-economic welfare measures of the Government;

ii) the eradication of all social evils.

iii) all the schemes that would improve national discipline and build up national integration;

iv) all measures taken by the Government to fight poverty and improve the lot of the people.

f) To maintain at all times highest standards of ethics and journalism.