

Title: Regarding alleged fraudulent investment by MTNL in Maharashtra Krishna Valley Development Corporation.

SHRI S. JAIPAL REDDY : Mr. Speaker, Sir, I must thank you for the opportunity you have given to me. I have risen today to draw the attention of the House to a scandal of the first magnitude.

Sir, a leading Central Public Sector Undertaking made a huge fraudulent investment in a cash-strapped company. I am referring to Mahanagar Telephone Nigam Limited. It made an investment of Rs.250 crore in Maharashtra Krishna Valley Development Corporation in May 2002. This is not only a stinking

investment, but also a sinking investment because not one rupee can be recovered from this Corporation.

While making this investment, the two important guidelines laid down by the Public Sector Enterprises Board have been blatantly and deliberately ignored. One is, the Public Sector Enterprises Board laid down a rule that investment must be made only in companies which enjoy the highest rating. That is, the rating should be of the order of 'AAA'. But when the investment was made, the company was only enjoying the rating of 'A+SO'. It is interesting and important to note that the status of this Maharashtra Krishna Valley Development Corporation has since been further downgraded. Its status now is 'BBSO', which is as good as zero and which is as good as zilch.

Another condition violated in the process was this. Normally investments are made only for one year. In this case, the investment was made for ten long years. This is public money. This is the money of the Central PSU; this is an amount of Rs.250 crore. Why was this investment made? This investment was made to clear the dues of contractors of MKVDC. Is it the way we make investments?

In view of the blatant fraud perpetrated, I demand that a statement be made by the Minister of Communications. I demand that a judicial inquiry be ordered. I also demand that a full-fledged substantive discussion be sanctioned by you. These are my demands.