

**COMMITTEE
ON
GOVERNMENT ASSURANCES
(1992-93)**

(TENTH LOK SABHA)

TENTH REPORT

RETURN OF GOLD BY THE PORTUGUESE GOVERNMENT

(Presented on [REDACTED])

21 April 1993



**LOK SABHA SECRETARIAT
NEW DELHI**

April 7, 1993/Chaitra 17, 1915 (Saka)

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LOK SABHA

CORRIGENDA

to the Tenth Report of the Committee on
Government Assurances (1992-93),
Tenth Lok Sabha

Page	Para	Line	Correction
3		1	<u>for</u> 'want' <u>read</u> 'went'
4	15	8	<u>for</u> 'ave' <u>read</u> 'have'
8	At the top		<u>Insert</u> the word 'APPENDICES'
9		7	<u>Insert</u> 'on' <u>before</u> 'various'
10	2	5	<u>for</u> 'Portguese' <u>read</u> 'Portuguese'
15		5	<u>Delete</u> 'IV'
		6	<u>Delete</u> 'FOURTH SITTING'

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COMPOSITION OF THE COMMITTEE ON
GOVERNMENT ASSURANCES*

(1992-93)

CHAIRMAN

Dr. Laxminarain Pandey

MEMBERS

2. Dr. Krupasindhu Bhoi
3. Shri B. Devarajan
4. Smt. Saroj Dubey
5. Shri Prabhu Dayal Katheria
6. Shri B.K. Gudadinni
7. Shri Balin Kuli
8. Shri Manphool Singh
9. Shri Ajoy Mukhopadhyay
10. Shri Surendra Pal Pathak
11. Smt. Pratibha Devisingh Patil
12. Shri Nawal Kishore Rai
13. Dr. D. Venkateshwara Rao
14. Shri A. Prathap Sai
15. Shri Chinmaya Nand Swami

SECRETARIAT

Shri R.C. Bhardwaj	— <i>Additional Secretary</i>
Shri Murari Lal	— <i>Director</i>
Shri Joginder Singh	— <i>Deputy Secretary</i>
Shri K.K. Ganguly	— <i>Under Secretary</i>

*The Committee was nominated by the Speaker w.e.f. 13 December, 1992 *Vide* Para 1596 of Lok Sabha Bulletin Part-II dated 14.12.92.

COMPOSITION OF THE COMMITTEE ON
GOVERNMENT ASSURANCES*

(1986-87)

CHAIRMAN

Prof. Narain Chand Parashar

MEMBERS

2. Shri Tador Bala Goud
3. Shri Virdhi Chander Jain
4. Shri Jitendra Prasada
5. Shri Rahim Khan
6. Shri Channaiah Malik
7. Shri Channaiah Odeyar
8. Shri S.S. Ramasamy Padayachi
9. Shri Keshorao Pardhi
10. Shri Ram Pujan Patel
11. Shri K. Pradhani
12. Shri K.N. Pradhan
13. Shri Jagannath Prasad
14. Dr. G. Vijaya Rama Rao
15. Shri Muhiram Saikia

SECRETARIAT

Shri C.K. Jain — *Chief Examiner of Questions*

Shri D.M. Chanan — *Senior Examiner of Questions*

*The Committee was nominated by the Speaker w.e.f. June 2, 1986 *Vide* Para No. 1071 of Lok Sabha Bulletin Part-II dated 19 May, 1986.

INTRODUCTION

1. I, the Chairman of the Committee on Government Assurances as authorised by the Committee, do present on their behalf this Tenth Report of the Committee on Government Assurances.

2. The Committee (1992-93) were constituted on December 13, 1992.

3. The Committee on Government Assurances (1986-87) at their Thirteenth Sitting held on February 16, 1987 took the evidence of the representatives of the Ministry of External Affairs in connection with the non-implementation of the assurance given on April 16, 1986, in reply to Unstarred Question No. 6827 regarding releasing of gold by the Portuguese Government. The Committee considered and adopted the draft Tenth Report at their Fourth sitting held on April 7, 1993.

4. The minutes of the aforesaid sittings of the Committee form part of this Report.

5. The conclusions/observations of the Committee are contained in the succeeding chapter.

6. The Committee wish to express their thanks to the officials of the Ministry of External Affairs who appeared before the Committee.

NEW DELHI;
April 7, 1993

Chaitra 17, 1915 (Saka)

DR. LAXMINARAIN PANDEY,
Chairman,

Committee on Government Assurances.

REPORT

RELEASING OF GOLD FROM PORTUGUESE GOVERNMENT

On April 16, 1986, the following Unstarred Question No. 6827 given notice of by Dr. B.L. Shailesh, Sarvashri N. Venkata Ratnam and K. Pradhani, M.Ps. was addressed to the Minister of External Affairs :—

“(a) the estimated amount of gold deposit with the Portuguese banks in Lisbon which was confiscated by the Portuguese Government after the 1961 Goa operation;

(b) whether the Government of Portugal led by President Soares have indicated its willingness to settle the long standing issue of gold belonging to the Indian nationals of the former Portuguese colonies of Goa, Daman and Diu; and

(c) if so, the steps taken to get this gold released from the Lisbon Government?”

2. In reply to the question, the then Minister of State in the Ministry of External Affairs (Shri K.R. Narayanan) gave the following reply:—

“(a) The value of the gold ornaments in the custody of the Banco Nacional Ultramarino in Lisbon is estimated to be Rs. 1.5 to Rs. 2 crores;

(b) & (c) : The matter is still under the examination of the Portuguese authorities. Government has recently taken up the matter with the Portuguese Foreign Minister.”

3. The above reply to parts (b) and (c) of the question was treated as an assurance by the Committee which was to be fulfilled within three months of the date of reply *i.e.* by July 15, 1986.

4. On November 16, 1986, the Ministry of External Affairs requested the Committee through the Ministry of Parliamentary Affairs *vide* their U.O. Note No. V/EA(23)USQ. 6827-LS/86 dated November 16, 1986 to drop the assurance on the grounds indicated below:—

“The question of gold deposited with the Portuguese Bank has been taken up by the Government of India with the Portuguese authorities on various occasions. We have, as yet, received no reaction from the Portuguese authorities;

Since the fulfilment of assurance would depend on the reaction of the Portuguese authorities, it would be difficult for the Ministry to send a final report within the stipulated period of three months. Also, in view of the fact that the fulfilment of assurance does not depend on

the Government of India, but on the action of the Government of Portugal, it is for consideration whether this should be treated as an assurance at all."

5. The Committee at their sitting held on January 15, 1987, considered the request of the Ministry of External Affairs for dropping the assurance and desired that 'before a decision on the request of the Ministry was taken, the representatives of the Ministry be called for oral evidence.'

6. On February 16, 1987, the Secretary (West), Ministry of External Affairs appeared before the Committee. When asked to give a general statement regarding the request for the dropping of the assurance, the representative stated as follows:—

"I believe, the note which we have sent to the Lok Sabha Secretariat has been circulated among the Members. So, I would not take time repeating those facts. Basically we had reached an understanding that an agreement on the return of the gold would be concluded between the Banco Nacional Ultramarino (BNU) of Portugal and the State Bank of India. The contents, terms and provisions of that Agreement had virtually been agreed upon and at that stage the BNU stated that it could implement this Agreement only on receipt of the concurrence of the Portuguese Government. Ever since 1982, the Portuguese Government has been dragging its feet and has not been giving any direction to the BNU or any clear response to us. Our informal information gathered by our Ambassador in Lisbon is that there is now some pressure on the Portuguese Government to link the return of this gold to the return of the assets which the Portuguese citizens claim they had left behind in India. This has not been formally communicated to us. This is something which we heard informally and I do not believe that it would serve the purpose of resolution of the matter if this fact is disclosed to the public because the process of negotiation on this issue with the Portuguese Government is still continuing. We have proposed, it recently as 16th December, that we would like to send a delegation once more to press them for a final answer, and we have just been informed that, despite several approaches by our Ambassador, no final response has been received from the Portuguese Government on the issue in substance or indeed on the question of receiving a delegation from India. We will continue to pursue this matter, perhaps by raising it at a higher level."

7. The Committee desired to know by whom this matter was taken up from our side. The representative then added:

"It was taken up at several levels. Our Ambassador in Portugal has been continuously in touch with the various authorities, including the office of the President of Portugal. Here in the Ministry of External Affairs, we have taken up the matter with the Ambassador of

Portugal. The former Home Minister also, when he went in 1986 to Portugal raised the matter with the Foreign Minister of Portugal. So, no avenue has been left; we have been consistently following up the matter. Even written communications have not elicited any formal response.

We have sought to exert some pressure on them by linking at one stage the visit of their President to India to the return of our gold."

8. The Committee wanted to know whether there was any positive response from the Minister of Foreign Affairs of Portugal. In reply, the representative stated as follows:—

"There has been no response. There has also not been any negative statement saying that they will not honour the tentative agreement reached between the State Bank of India and the BNU. They are sitting on the fence. They are not giving any response and this has been going on since 1982 possibly for the reason that we have learnt that they wish to link it to the return of the assets claimed by some people to have been left behind here; those people are exerting pressure that these two issues should be linked, rather should not be delinked."

9. When the Committee further desired to know whether linking of the issue of the return of the assets of the Portuguese people with the releasing of gold had been communicated by the Portuguese Government, the Secretary of the Ministry of External Affairs replied :—

"This has not been formally communicated to us. Certain Members of Parliament who are friendly to India have informally told our Ambassador that they understand that this might be the reason. The present position is that they have told us in the last few days that they will give an answer both on the substantive question and on receiving a delegation in the next few weeks."

10. The Committee then enquired whether any compensation would be given to the owners if there was no response from the Portuguese Government for returning the gold ornaments. The representative replied as follows :—

"All these rights were vested with the Custodian. But when we started to place the Custodian as the authority before the Portuguese Government, they said that they would not recognise the authority of the Custodian. Therefore, we thought of a way-out and suggested that a negotiation might be undertaken on behalf of the owners of the gold ornaments through the State Bank of India."

11. The Committee further enquired when all the powers, rights etc.,

were transferred to the Custodian as per the Regulations, then why the value of gold ornaments had not been given to the people concerned. To it, the representative added:—

“These ornaments which are under the control of the Custodian are physically not with him. They have been removed to Portugal.”

12. The Committee pointed out that in terms of Section 5(1) of the Goa, Daman and Diu (Banks Reconstruction) Regulations, 1962, all properties and assets, all rights, powers, claims, demands, interests, authorities and privileges and all obligations and liabilities of the Bank shall, subject to the other provisions of the Regulation, stand transferred to, and vested in, the Custodian. The representative however submitted that he might have the powers, but not the obligation. On an enquiry about the power of the Custodian to enter into negotiation with the Portuguese Government, the Secretary to the Ministry of External Affairs clarified as follows :—

“This is the provision but the point is he is not in physical possession of those valuables.”

13. When the Committee desired to know if the Government of Portugal accepted the appointment of the Custodian, the representative stated as follows:—

“They have not recognised the legal entity of the custodian but they agreed to enter into negotiations with the State Bank of India and BNU. An agreement was reached to return the gold but the BNU said that they will implement this agreement only with the concurrence of the Portuguese Government.”

14. Referring to the statement of the Secretary that something was going to come out in the following week, the Committee enquired if nothing materialised during that week, would the Ministry take up the issue to the ‘World Court’. In reply, the Secretary submitted that the point could be examined. However, since the Portuguese Government had never said that they would not return the gold it would be ‘better to keep that issue within our diplomatic domain.’

15. Reacting to Committee's view that the Ministry of External Affairs could make some exercise with the Ministry of Law to explore the options available to deal with the issue at international level, the representative assured that the matter would be taken up with the Ministry of Law for their advice. Elaborating the 1981 agreement with the Portuguese authorities for the return of gold ornaments, he further submitted:—

“Under the Indo-Portuguese Treaty of December, 1974 both sides have agreed to settle all questions through bilateral negotiations including those concerning properties and assets. We have been getting representations from the people of Goa that the question of gold ornaments be delinked from the general question of assets and liabilities. In September, 1981 the Portuguese Government through

their Embassy sent us a verbal note that they have agreed to these suggestions and thereafter the negotiations started between BNU and the State Bank of India."

16. The Committee drew the attention of the representatives of the Ministry of External Affairs to their statement that something was likely to happen in the matter in near future and suggested that instead of seeking the dropping of the assurance, it would be prudent to seek extension of time for its implementation. The representatives agreed to seek extension of time.

17. The Ministry of External Affairs have sought as many as ten extensions from the Committee by indicating the progress made in the direction of fulfilment of the assurance regarding release of gold ornaments from the Portuguese Government. The first extension that was sought and granted was upto Feb. 15, 1988 after the evidence. Thereafter, the Ministry sought extension upto 15.8.88. After it, the Ministry of External Affairs was requested *vide* this Secretarial UO Note dated June 30, 1988 to furnish a note indicating the progress made in the matter for placing it before the Committee. In reply the Ministry of External Affairs furnished a note giving an up-to-date list of various demarches made by the Government of India and sought extension of time upto February 15, 1989 *vide* their letter No. W1/125/43/86-EW dated July 5, 1988. In their note, the Ministry of External Affairs mentioned that more than thirty five attempts were made during the last four years as the first attempt was started in the month of May, 1984 and the last one in the chain was during the month of June, 1988. In that note the Ministry gave some positive indication as per the details given below:—

"On June 23, 1988, the Portuguese Ambassador designate to India informally indicated to our Ambassador that before he leaves in early July, he hoped to be able to take with him some concrete proposal for resolving this problem."

18. The Chairman of the Committee granted extension in the first instance upto November 15, 1988 to implement the assurance. Subsequently, the Ministry sought further extension of time upto May 15, 1989, November 15, 1989, May, 15, 1990, July 15, 1990, September 15, 1990, October 15, 1990 and the last extension that was sought was upto January 31, 1991 on the following grounds:—

"that the agreement finalised between the State Bank of India and Banco Nacional Ultramarino (BNU) of Lisbon in May 1990 for return of Goan gold ornaments has since been cleared by the Ministry of Law from legal angle and it is now being submitted to Cabinet Committee on Political Affairs (CCPA) for approval. As soon as CCPA approves the agreement the two banks will sign the same. It would then be possible to fulfil the assurance."

19. On the lines of their request for extension of time, the Ministry of

External Affairs submitted an advance implementation report to the Committee *vide* their O.M. No. WI/125/43/86-EW dated April 2, 1991 which was laid on the Table of the House by the Minister of Parliamentary Affairs on July 19, 1991. The implementation report contained as follows:—

“(B) & (C) : The Portuguese Government have indicated their readiness to return the gold belonging to the Indian nationals of the former Portuguese colonies of Goa, Daman & Diu. An agreement has been signed on 14th February, 1991 in New Delhi between the State Bank of India and Banco Nacional Ultramarino (BNU) of Lisbon for return of the gold to India.”

20. On persistent efforts made by the Government of India the gold ornaments had since been ultimately returned.

21. The Committee undoubtedly feel happy that at last the efforts made by the Ministry of External Affairs have borne fruit, as an agreement has been signed on February 14, 1991 in New Delhi between the State Bank of India and Banco Nacional Ultramarino(BNU) to return the gold belonging to the Indian nationals of the former Portuguese colonies of Goa, Daman and Diu. The Committee take note of the fact that the gold ornaments estimated worth Rs. 2 crores were taken away by the Banco Nacional Ultramarino (BNU) in their custody after the 1961 Goa operation. There was little hope in getting back these pledged gold/ornaments as these were taken away by the BNU to Portugal. This issue was raised after 25 years i.e. in 1986 by some members of Parliament by giving a notice of a question in the Lok Sabha. In reply, the then Minister of External Affairs gave an assurance ‘Government has recently taken up the matter with the Portuguese Foreign Minister to get back the Rs.1.5 to Rs. 2.00 crores value of gold ornaments from the custody of the BNU in Lisbon.

22. The Committee appreciate the efforts made by the Ministry of External Affairs to get an agreement signed after marathon deliberations at various levels-official, unofficial and diplomatic with the Portuguese Government in this regard.

23. The Committee remained alive to the fact that there was a minor political level hitch in recovering the gold but instead of continuing their efforts to sort out the differences, the Ministry foresaw no such possibility of return of the gold and approached the Committee *ab initio* for dropping the assurance. Thousands of Goans who were waiting for their gold ornaments to be returned by the Portuguese Bank would have been disappointed, had the Committee not insisted on pursuing the matter by the Ministry instead of dropping the assurance.

24 .The Committee are of the opinion that the request made by the Ministry of External Affairs in the year 1986 to get the assurance dropped was a hasty and uncalled for decision without any cogent reason. The Committee again reiterate that once a commitment is made on the floor of

the House by a Minister it should not be diluted on one pretext or the other. The practice of first giving an assurance and then approaching the Committee to get it dropped is not a healthy tradition in the democratic set up as the people have high hopes when a solemn promise is made on the floor of the House. It is noteworthy to mention that when a decision was taken by the Committee not to drop the assurance the Ministry geared up their machinery with greater zeal to finalise the long pending issue of getting back gold from the Portuguese Government.

25. The Committee would however like to place on record again their appreciation for the untiring efforts made by the Ministry of External Affairs for fulfilling the assurance by chasing the issue at different levels since 1986.

NEW DELHI:

April 7, 1993

Chaira 17, 1915 (Saka)

DR. LAXMINARAIN PANDEY,

Chairman,

Committee on Government Assurances.

MINUTES OF THE TENTH SITTING OF THE COMMITTEE ON GOVERNMENT ASSURANCES HELD ON 15 JANUARY, 1987 IN COMMITTEE ROOM NO. 62, PARLIAMENT HOUSE, NEW DELHI.

The Committee met on Thursday, 15 January, 1987, from 15.00 hours to 15.30 hours.

PRESENT

Prof. Narain Chand Parashar—*Chairman*

MEMBERS

2. Shri Tadur Bal Goud
3. Shri Virdhi Chander Jain
4. Shri Jitendra Prasada
5. Shri Rahim Khan
6. Shri Purna Chandra Malik
7. Shri Channaiah Odcyar
8. Shri Ram Pujan Patel
9. Shri K.N. Pradhan
10. Shri Jagannath Prasad
11. Shri Muhiram Saikia

SECRETARIAT

1. Shri D.C. Pandc—*Joint Secretary*
2. Shri D.M. Chanan—*Senior Examiner of Questions*

2. At the outset, Chairman extended to the Members his greetings and good wishes for the New Year.

3. The Committee took up for consideration their draft Eighth Report and adopted the same. The Committee authorised the Chairman to present the Report during the ensuing session of Lok Sabha.

4. Thereafter, the Committee took up for consideration Memoranda Nos. 62, 63, 64, 65 and 66.

* * * *

Memorandum No. 64. Request for dropping of assurance given on 16 April, 1986 in reply to Unstarred Question No. 6827 regarding releasing of gold by Portuguese Government.

7. The Committee considered the following request of the Ministry of

External Affairs received through the Ministry of Parliamentary Affairs *vide* their U.O. Note No. V/EA (23) USQ. 6827-LS/86 dated 16 November, 1986, for dropping of the assurance on the following grounds:—

“The question of gold deposited with the Portuguese bank has been taken up by the Government of India with the Portuguese authorities various occasions. We have, as yet, received no reaction from the Portuguese authorities;

Since the fulfilment of assurance would depend on the reaction of the Portuguese authorities, it would be difficult for the Ministry to send a final report within the stipulated period of three months. Also, in view of the fact that the fulfilment of assurance does not depend on the Government of India, but on the action of the Government of Portugal, it is for consideration whether this should be treated as an assurance at all.”

7.1 The Committee desired that before a decision on the request of the Ministry was taken, the representatives of the Ministry be called for oral evidence.

* * * * *

The Committee then adjourned to meet again on 16 January, 1987 at 11.00 hours.

MINUTES OF THIRTEENTH SITTING OF THE COMMITTEE ON
GOVERNMENT ASSURANCES HELD ON 16 FEBRUARY, 1987 IN
COMMITTEE ROOM 'C' PARLIAMENT HOUSE ANNEXE, NEW
DELHI

The Committee met on Monday, 16 February, 1987, from 15.00 hours to 15.30 hours.

PRESENT

Prof. Narain Chand Parashar—*Chairman*

MEMBERS

2. Shri Tador Bala Goud
3. Shri Jitendra Prasada
4. Shri Purna Chandra Malik
5. Shri Ram Pujan Patel
6. Shri K.N. Pradhan
7. Shri K. Pradhani
8. Shri Jagannath Prasad
9. Dr. G. Vijaya Rama Rao
10. Shri Muhiram Saikia

SECRETARIAT

Shri D.C. Pande—*Joint Secretary*

Shri C.K. Jain—*Chief (Questions)*

Shri D.M. Chanan—*Senior Examiner of Questions*

WITNESS EXAMINED

MINISTRY OF EXTERNAL AFFAIRS

1. Shri A.S. Gonsalves—*Secretary (West)*
2. Shri A.G. Asrani—*Additional Secretary*
3. Shri K.P. Rama Iyer—*Deputy Secretary*

2. The Committee took the evidence of the representatives of the Ministry of External Affairs in connection with non-implementation of the assurance given in Lok Sabha on 16 April, 1986 by the Minister of State in the Ministry of External Affairs in reply to Unstarred Question No., 6827 regarding release of gold by the Portuguese Government.

3. At the outset, the Chairman drew the attention of the witnesses to Direction 58 of the Directions by the Speaker, and clarified to them that their evidence was to be treated as public and was liable to be published unless the witnesses specifically desired that all or any part of the evidence given by them was to be treated as confidential. It was further explained to the witnesses that even though the evidence

was desired to be confidential, such evidence was liable to be made available to the Members of Parliament.

4. The Secretary, Ministry of External Affairs was thereafter requested to give a general statement regarding the request for the dropping of the assurance. In reply the witness submitted as follows:—

“I believe the note which we have sent to the Lok Sabha Secretariat has been circulated among the Members. So, I would not take time repeating those facts. Basically we had reached an understanding that an agreement on the return of the gold would be concluded between the *Banco Nacional Ultramarino* (BNU) of Portugal and the State Bank of India. The contents, terms and provisions of that Agreement had virtually been agreed upon and at that stage the BNU stated that it could implement this Agreement only on receipt of the concurrence of the Portuguese Government. Ever since 1982, the Portuguese Government has been dragging its feet and has not been giving any direction to the BNU or any clear response to us. Our informal information gathered by our Ambassador in Lisbon is that there is now some pressure on the Portuguese Government to link the return of this gold to the return of the assets which the Portuguese citizens claim they had left behind in India. This has not been formally communicated to us. This is something which we heard informally and I do not believe that it would serve the purpose of resolution of the matter if this fact is disclosed to the public because the process of negotiation on this issue with the Portuguese Government is still continuing. We have proposed, as recently as 10th December, that we would like to send a delegation once more to press them for a final answer, and we have just been informed that, despite several approaches by our Ambassador, no final response has been received from the Portuguese Government on the issue in substance or indeed on the question of receiving a delegation from India. We will continue to pursue this matter, perhaps by raising it at a higher level.”

The Committee desired to know by whom this matter was taken up from our side. The witnesses replied as follows:—

“It was taken up at several levels. Our Ambassador in Portugal has been continuously in touch with the various authorities, including the office of the President of Portugal. Here in the Ministry of External Affairs, we have taken up the matter with the Ambassador of Portugal. The former Home Minister also, when he went in 1986 to Portugal raised the matter with the Foreign Minister of Portugal. So,

no avenue has been left; we have been consistently following up the matter. Even written communications have not elicited any formal response.

We have sought to exert some pressure on them by linking at one stage the visit of their President to India to the return of our gold."

The Committee wanted to know whether there was any positive response from the Minister of Foreign Affairs of Portugal. In reply, the witnesses stated as follows:—

"There has been no response. There has also not been any negative statement saying that they will not honour the tentative agreement reached between the State Bank of India and the BNU. They are sitting on the fence. They are not giving any response—and this has been going on since 1982—possibly for the reason that we have learnt that they wish to link it to the return of the assets claimed by some people to have been left behind here; those people are exerting pressure that these two issues should be linked, rather should not be delinked."

The Committee further desired to know whether linking of the issue of the return of the assets of Portuguese people with the releasing of gold had been communicated by the Portuguese Government. The witnesses replied:—

"This has not been formally communicated to us. Certain Members of Parliament who are friendly to India have informally told our Ambassador that they understand that this might be the reason. The present position is that they have told us in the last few days that they will give an answer both on the substantive question and on receiving a delegation in the next few weeks."

The Committee enquired to the witness if there was no response at all from the Portuguese Government and if they did not return the gold ornaments, whether any compensation would be given to the owners thereof. The witness replied:—

"All these rights were vested with the Custodian. But when we started to place the Custodian as the authority before the Portuguese a Government, they said that they would not recognise the authority of the Custodian. Therefore, we thought of a way-out and suggested that a negotiation might be undertaken on behalf of the owners of the gold ornaments through the State Bank of India."

The Committee further asked to witness that when all the powers, rights etc. were transferred to the Custodians as per the Regulations, then why the value of gold ornaments had not been given to the people concerned. To it, the witness replied as below:—

"These ornaments which are under the control of the Custodians are physically not with him. They have been removed to Portugal."

The Committee pointed out that in terms of Section 5(1) of the Goa, Daman and Diu (Banks Reconstruction) Regulations, 1962, all properties and assets, all rights, powers, claims, demands, interest, authorities and privileges and all obligations and liabilities of the Bank shall, subject to the other provisions of the Regulation, stood transferred to, and vested in the Custodian. The witness submitted that he might have the powers, but not the obligation. On an enquiry about the power of the Custodian to enter into negotiation with the Portuguese Government, the witnesses clarified as follows:—

“This is the provision but the point is he is not in physical possession of those valuables.”

The Committee also desired to know from the witness if the Government of Portugal accepted the appointment of the Custodian. The witness stated as follows:—

“They have not recognised the legal entity of the Custodian but they agreed to enter into negotiations with the State Bank of India and BNU. An agreement was reached to return the gold but the BNU said that they will implement this agreement only with the concurrence of the Portuguese Government”.

Referring to the statement of the witness that something was going to come out in the following week, the Committee enquired if nothing materialised during that week, would the Ministry take up the issue to the ‘World Court’. The witness submitted that the point could be examined. However, since the Portuguese Government had never said that they would not return the gold it would be better to keep that issue within our diplomatic domain.

Reacting to Committee’s view that the Ministry of External Affairs could make some exercise with the Ministry of Law to explore the options available to deal with the issue at international level, the witness assured that the matter would be taken up with the Ministry of Law for their advice.

Elaborating the 1981 agreement with the Portuguese authorities for the return of gold ornaments, the witness submitted:—

“Under the Indo-Portuguese Treaty of December, 1974 both sides have agreed to settle the all question through bilateral negotiations including those concerning properties and assets. We have been getting representations from the people of Goa that the question of gold ornaments be delinked from the general question of assets and liabilities. In September, 1981 the Portuguese Government through their Embassy sent us a verbal note that they have agreed to this suggestion and thereafter the negotiations started between BNU and the State Bank of India”.

The Committee drew the attention of the witness to his statement that

something was likely to happen in the matter in near future and suggested that instead of seeking dropping of the assurance, it would be prudent to seek extension of time for its implementation. The witness agreed to seek extension of time.

The witness also requested the Committee to treat the evidence given by him regarding Portuguese Government's unwillingness to implement the agreement between SBI and BNU as confidential. The Committee agreed.

The Committee then adjourned.

MINUTES

FOURTH SITTING

MINUTES OF THE FOURTH SITTING OF THE COMMITTEE ON
GOVERNMENT ASSURANCES

IV

FOURTH SITTING

The Committee met on Wednesday, April 7, 1993 from 14.30 hours to 15.30 hours.

PRESENT

- Dr. Laxminarain Pandey—*Chairman*
2. Shri B. Devarajan
 3. Shri Prabhu Dayal Katheria
 4. Shri B. K. Gudadinni
 5. Shri Ajoy Mukhopadhyay
 6. Shri Surendra Pal Pathak
 7. Smt. Pratibha Devisingh Patil
 8. Shri Chinmaya Nand Swami

SECRETARIAT

Shri Joginder Singh—*Deputy Secretary*

Shri K. K. Ganguly—*Under Secretary*

2. The Committee considered draft Tenth and Eleventh Reports and adopted them with certain verbal modifications in the Eleventh Report.

3. The Committee authorised the Chairman and, in his absence Shrimati Pratibha Devisingh Patil, M.P. to present the Reports on the Table of the House on Wednesday, April 21, 1993.

4. The Committee also decided to hold their next sitting on Thursday, April 15, 1993, at 15.30 hours.

The Committee then adjourned.

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