

the values of freedom movement. It has bid farewell to the values enunciated by Gandhi Ji and has given up the principles of self-reliance and self-sufficiency. As a protest I and my colleagues boycott the proceedings of the House for the day.

15.40 hrs.

At this stage shri George Fernandes and some other hon. Members left the House.

[English]

MR. SPEAKER: the question is:

"that the Bill, as amended, be passed."

Motion was adopted.

MR. SPEAKER: the Finance (No. 2) Bill, 1991, as amended, is passed.

15.40 1/2 hrs

MOTION RE. COLLAPSE OF THE BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LIMITED—*CONTD.*

[English]

MR. SPEAKER: Now, we take up item No.9. Shri Jaswant Singh was on his legs. He may continue his speech now.

15.41 hrs.

[MR. DEPUTY SPEAKER in the Chair]

SHRI JASWANT SINGH (Chittorgarh): Mr. Deputy Speaker, Sir, the hon. Finance Minister has really gone through a very trying ordeal since morning and he looks very tired. So, it would be better that we may break for about 10 or 15 minutes now, so that he can refresh himself and we also can have a cup of coffee.

SHRI SOMNATH CHATTERJEE (Bolspur): Sir, it would be ideal if we adjourn

for about 15 minutes now and we can meet again at 4 o'clock.

MR. DEPUTY SPEAKER: The House stands adjourned to meet again at 4 o'clock.

15.42 hrs.

The Lok Sabha then adjourned till Sixteen of the Clock.

The Lok Sabha re-assembled at four minutes past Sixteen of the Clock.

[SHRI SHARAD DIGHE in the Chair]

MOTION RE: COLLAPSE OF THE BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LTD. (BCCI)—*CONTD.*

[English]

MR. CHAIRMAN: Shri Jaswant Singh.

SHRI JASWANT SINGH (Chittorgarh): Mr. Chairman, sir, we resume the Discussion on the interrupted Motion on BCCI. On Friday last, we adjourned the discussion on a somewhat contentious note, Hon. the Finance Minister has shared some facts about the establishment of BCCI with us and the facts indeed are sacrosanct. I entirely agree with the hon. Finance Minister.

But facts are not, however, open to conveniently selective interpretation of them. I will be verting back to this very shortly. We have also then witnessed a somewhat perplexing spectacle. The Treasury Benches and the Congress Party had gone into paroxysm of simulated horror at the establishing of a representative's office of BCCI in India in 1979. Of course, personally I welcome this demonstration even if it was fake because we are confronted by a very curious reality. In the face of world wide exposure of the misdeeds of BCCI and indeed an universal condemnation of these misdeeds. The present Government of India and the Congress Party appear to be the only two agencies in India, or elsewhere who are

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actually standing up for all kinds of established illegalities and criminal acts of the BCCI. I was then on the aspect of our domestic concern so far as the BCCI goes.

Sir, let me very briefly attempt to recapitulate our concerns in the context of India. I had in my intervention on Friday last spoken of these established nexus between the BCCI and Pakistan's ISI, the I Center-Services Intelligence and the report of the 'black network' of BCCI as being inseparable from ISI. We had spoken about the use of BCCI for laundering of drug-money. That is also our concern. Thirdly, we had spoken of the employment of BCCI for weapons trade. Indeed the Bank was acting as an agent for acquisition of weapons for certain countries. I cited the example of acquisition of Mirage aircraft. We are also concerned here about the fact that various terrorist organisations have been employing the BCCI as their banker. It now stands established that certainly Abu Nidal used the BCCI, London for this purpose. It is open to question whether Abu Nidal or the JKLF or some other Sikh terrorist groups or the LTTE did not enjoy similar facilities. Our concern is also on the aspect of BCCI acting as a kind of intelligence gathering organisation for Pakistan with its headquarters in Karachi. It is a very important aspect.

Then, the question of nuclear angle of BCCI comes. It is now established that the BCCI has provided not just finances but it was acting as virtual attorney-holders and agents for Pakistan and also for Libya and Iran in the procurement of nuclear technology, nuclear wherewithal's, nuclear equipment. Our concern in India so far as BCCI is concerned is about subversion of systems and institutions and, most importantly about the nexus between the politicians, industrialists, the bank and corruption. It is interesting to note that this whole question of entry into India of BCCI became contentious last Friday. It is a fact that a representative's office did get opened in 1979. The hon. Finance Minister has corrected me and said that the sanction then was granted by the

then Government and it was not just for a representative's office but it was, in fact, for a full-fledged Bank. But that really begs a question because the sanction for the opening of a full-fledged bank was granted in 1979 and from 1979 till March 1983, that sanction did not get implemented. Then what happened between 1979-80 to change the Government's mind on this matter? In 1979, sanction was granted for the opening of a bank. And it did not get acted upon because either the Government lost power or was removed from office or lost office. But between 1979-83, I do not know what positive developments took place for the Government, in 1983, if my recollection serves me right, it was the Congress Government and if my recollection serves me right, the hon. the finance Minister then, in his earlier incarnations, held different responsibility. That really begs the question. What is it that took place in these four years to warrant this change, for what is now clear enough to was an act of ill-thought and ill-advised sanctioning?

I put it to you that in industrialists' group, aided and encouraged the entry of this bank in India in March 1983. This was despite the dissent from the then Governor of the Reserve Bank of India. It was connected with certain proposed changes in law, I remember very clearly that the then Finance Minister indeed went to the extent of introducing in Parliament the laws which required the consent of the Reserve Bank to be lifted away from the Reserve Bank and to become the authority of the Finance Ministry. If I recollect right, without wanting to cause any embarrassment the then Governor of Reserve Bank took a very strong stand on this issue. Why did he take a strong stand? What was the difficulty of the then Governor of the Reserve Bank in not wanting to deny entry of this bank into India.

It is now an established fact, not just presumption that one of the industrial houses came under bear hammering on the stock exchange and some Rs. 22 crores came on to the Bombay Stock Exchange by way of foreign monie. These Rs. 22 crores required certain approvals of the then laws in force.

These Rs.22 crores came without those approvals. It is an established fact and it very seldom happens that a law, in respect of foreign money coming into India to facilitate the flow of this Rs.22 crores was in fact, changed by a telex message on the 20th of August, 1982. An evening telex message went to various agencies in the country and the law got changed on the 20th August, 1982. I will be happy if the Finance Minister refutes me on this point. And on 21st of August, the very next day, three non-resident Indian companies filed their application for legitimising the Rs. 22 Crores that had flown into the stock exchange. I put it to you that was the beginning of a certain kind of a not that set into our system.

Ant about my source, I come to my source in just a little while. I put it that all that came by way of this Rs. 22 crores was an unaccounted secret black money as subsequently established by investigations of the Government of India itself. This very Rs.22 crores in about seven years time, and the shares connected with this Re. 22 crores, were then unloaded on yet another company in India for a sum of Rs. 76 crores. Rs. 22 crores at the then prevailing rates of exchange amounted to something like 20 million US dollars. Those 20 million US dollars of black money, in June 1989, became Rs. 76 crores or at the then prevailing rate of exchange roughly 44 million US dollars. The Government of India, through various changes in laws and conniving with the corrupt, arranged for the conversion of 20 million US dollars to come into the country, for them to then be converted to 44 million US dollars, for black to become white, and for those 44 million US dollars to go back. There was a profit of 24 million US dollars. What came in as 20 million, went out as 44 million US dollars and it went back to the BCCI. I will come with my evidence on that in a minute. Was all this under RBI's approval-tacit or implicit? I would request the Finance Minister to clarify this. Because, the subsequent action taken by the Government is even more astounding.

The Taxation Laws Amendment Act

of 1989 contains the provision that this gain of 24 million US dollars, black being converted into white, be exempted from top. This fraudulent gain, a fraud played on our banking system, on the establishments, on our institutions, was then, by a subsequent enactment, by this very Congress Government in 1989, permitted to become tax exempt. I have given these examples, so as to establish, firstly, the aspect of the dubious entry of BCCI into India and secondly, the aspect of its nexus with our public financial institutions. That is why, it is a matter of such great concern to us.

Let us take up the aspect of public financial institutions. The hon. Finance Minister, concluding the discussions on the Finance Bill, spoke most eloquently and movingly. He spoke of idealism; he spoke of idealism in public life; he spoke of the reforms of banking systems, so that our banks and our public financial institutions are on par, so far as integrity and conduct goes, with anything that the world can show. I share his idealism in its entirety. But, I put it to the Finance Minister that if it is that kind of idealism; if it is that kind of integrity - transparent; if it is that kind of public institutions, whose reputation, whose standing and whose prestige is unquestioned anywhere in the world, if this is the kind of institutions that we are thinking in terms of, then all that I have cited, without going into unnecessary details, the bare skeletal outline of it is not in harmony with the hon. Finance Minister's own pronouncements on what he says or aspires or desires to do. What the one public financial institutions that we talk of? They are the nationalised banks and the others are public financial institutions like the Unit Trust, or the Life Insurance Corporation or the GIC. And indeed, Sir, it is relevant to point out that firstly, insurance companies got nationalised because, there was the infamous example of Mundra, playing with insurance company's money. It is because of that, that Life Insurance got nationalised in the country. And it was because, the public money through public financial institutions got misemployed. That was the original motive for the nationalisa-

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tion of institutions like LIC. What motivated the nationalisation of banks in the late 60s the rationale of it, was simple public control over public bodies for public good. I would like the hon. Finance Minister to share this with us. This is just one examples that I have cited and I have got many more such examples. Is this good public conduct? It this public control over public financial institutions for public good, upheld by this kind of misuse of public financial institutions? We have to reflect very deeply over the aspect of the money power that the public financial institutions today have and can employ for the subversion of system. It is enormous wealth that the public financial institutions sit on. If the kind of arbitrariness or one-sidedness or perversion from on-top that we have witnessed in the decade of the 80's were to persist, then these very public financial institutions sitting on enormous wealth, enormous moneys as public contribution and enormous investments in industrial houses of all hues, could play a very damaging role in the total economy of the country. A truant public financial institution could break the stock exchange. A truant public financial institution could today play ducks and drakes with investments that have taken place in various industrial houses. That is what lies at the heart of our suggestion. that unless there be proper guidelines for the conduct of these public financial institutions, guidelines which are punishable, if they are not abided by - I have said at the beginning on Friday last, with great pain pointed out that where's for those kind of misconduct any where in the world, there is somebody or the other who is held to account and pays the price, it is only in India that no matter what happens, no matter what kink of scandal we try and bring to your notice, whether it be Bofors or anything else, nobody pays a price. Unless the price begins to be paid, Mr. Finance Minister, Sir, the idealism that you so eloquently speak of, will not be achieved because what happens in the case of public financial institutions is that they are acting with this kind of arbitrariness which result in the corrosion of the very element of our national course. It is the most objectionable

and dangerous combination of political and financial power. The consequences for our polity and for our State are in front of all of us, for me not to have to recount or to identify that which is now self-evident. We would not see what is happening all over the country. If we had stemmed the rot, if we had stood up and said 'thus far and no further', if we had stood up for public accountability, and if that we first discerned the very early signs of corrossions of our system.

I am sorry to have to say that public financial institutions today because they answer to the passing whims and fancies of political patronage are totally absent of accountability and the political system. now specialises in a deliberate, will ful defiant absence of accountability. If that is what the political system does, then the public financial institutions will act in exactly the same way. If that is how the public financial institutions react, then it does not portend well for the nation using these institutions and that is what we have come to. These institutions are now used for individuals rather than public good. Repeated misuse of them, particularly in the decade of the 80's, has perverted them and at every single instance, justice is thwarted, accountability is prevented. That is why, in the second, part of my motion, I have sought for the establishment of proper guidelines for public financial institutions.

There are possible future consequences if we persist with this. One consequence, which I have referred to earlier, was the thwarting of justice and the appropriation of the State for individual good. I have here with me a copy of the report of the Enforcement Directorate. If you permit me, I will place it on the Table of the House. Am I to interpret your silence as consent?

[Translation]

"Moanam Sweekaiti Lokshnam."

[English]

MR. CHAIRMAN: You do it as per the rules.

SHRI JASWANT SINGH: Well, I am doing it as per the rules. I will not labour the patience of the House by quoting extensively from it. Yet, I will just refer to the misuse that it has lent itself today. Here is the small quotation.

"These transactions valued at approximately Rs. 22 crores, all the investments initially came to India through the BCCI Bank in London. Bankers in India were at a loss to explain who had filed the OAC and RPC forms on behalf of the NRIs:"

Sir, it is further said that one Shri Padyar, Advisor to the BCCI, London was looking after the entire affairs of these investments. During the investigation abroad, we had again to meet Mr. Peter Henwood who administers the Isle of Man companies.

SHRI DIGVIJAYA SINGH (Rajgarh): What is the year of this Report?

SHRI JASWANT SINGH: I have not got the date of the Report here. I will just give you as soon as I have completed.

SHRI DIGVIJAYA SINGH: I just want to know the year of that Report.

SHRI JASWANT SINGH: I am on a different point all together. I think you are sharing my point.

SHRI DIGVIJAYA SINGH: I want the year in which the Report of the Directorate of Enforcement was prepared or presented.

SHRI JASWANT SINGH: I am anticipating your observations. This really underlines point, irrespective of the year in which it was prepared or by whom it was prepared. It is said that it is prepared by the Directorate of Enforcement. But our systems and institutions should be such that this question should even not arise. But I am very sorry that my good friend, Shri Dig Vijaya Singh is asking this question with political overtone. (Interruptions)

SHRI DIGVIJAYA SINGH: It is totally

factual. There is no political overtone. It is a factual information which I want for my own consumption.

SHRI JASWANT SINGH: I will give the year of the Report. Sir, he is really bragging the question that when was the Report prepared. If it was prepared. In a certain year, then it is not acceptable. This applies both ways. I put it to my god friend that it applies both ways. Whether this Report was prepared in 1986 or 1987 or 1990 or 1991 is immaterial as long as it is a Report prepared by the Directorate of Enforcement of India. And both, you and I, should accept the validity of such a Report. (Interruptions)

SHRI ANBARASU ERA (Madras Central): There can be a political motive if it was prepared by other Governments than our Government.... (Interruptions)... It was prepared by the Janata Dal Government. (Interruptions)

SHRI JASWANT SINGH: that is precisely the point. Whether it was prepared during late Rajiv Gandhi's Government or by the Janata Party Government or by the Janata Dal Government, when an institution of India like that of the Enforcement Directorate submits a Report, then the Report itself should carry so much weight that the Government should sit up and take note of it.

Secondly, whether then or subsequently, our institution should not be torn apart by us sitting here and sing them for partisan purposes. That is why, I am most careful and that is why, I am saying that I will lay it on the Table of the House. I am most careful to illustrate the point out of this Report. We had destroyed these institutions to a measure which is unimaginable and we had destroyed them only on account of the nexus between the corrupt politicians, corrupt industrialists and corrupt bankers. And that is at the heart of this Motion that I have moved, Sir. At the heart of this Motion is not one individual or another, and at the heart of this Motion is not one Government or another. I am concerned with the very same

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idealism with which the hon. Finance Minister spoke so movingly and so eloquently, when he spoke about the banking institutions of this country aspiring a certain position in the rest of the world.

Here is what the report says:

"During our investigations, we have an occasion to meet Peter Henwood, administering some Isle of Man companies, and Shri Padiyar, Adviser, BCCI, London who looks after the financial aspects of all the transactions abroad and some shareholders also."

Then the details of the meeting held were also given.

"To start with the meeting was arranged on 12.9. 1986 .."

Since the year mentioned here is 1986, this report too must be a 1986 report.

SHRI SOMNATH CHATTERJEE (Bolpur) : Since it happens to be Shri Bhure Lal's report, it is bad. That is their view.

SHRI DIGVIJAYA SINGH: No, no. That was an excellent report.

SHRI JASWANT SINGH: Now, this is what is relevant to my submission. Mr. Padiyar did admit that the investments in Bombay were made under his instructions and that he was an Adviser to the BCCI. But he refused to divulge the identity of the real investors as it was against the professional ethics of the bankers. This is a perfectly understandable sentiment for any banker to express. But the subsequent aspects are a little more worrisome. The Europe Asian Bank, Bombay and the Syndicate Bank, Bombay had replied they had not done any verification. They submitted that the money that came from BCCI was without verification and the Indian Banks also did not carry out any verification, as required under the rules of the Reserve Bank of India, of the

antecedents of the investors. They totally rehide upon the verification done by the BCCI, London. When Shri Padiyar was asked whether he had done any verification, he stated categorically that he had not done so and he had relied on the Indian Banks. Here again Shri Padiyar was entirely correct when he had stated that his clients had directly sent the forms to the Banks and the question of verification of antecedents of investors did not arise as far as BCCI London was concerned. Mr. Padiyar stated that whatever instructions he had received from his clients were passed on to the bankers in India with a clear-cut understanding that the same should be implemented if they conform to the existing laws, rules and regulations framed by the Indian Government. So, Mr. Padiyar is entirely right. Somewhere somebody is responsible for a lapse. Somewhere somebody has committed a mistake. That is what I am saying. If an investment of this kind has come into India and the Indian Banks have not verified the antecedents and those who are dealing with the nonresident accounts abroad say that they did not verify the antecedents because they were not required to do so, then I think Sir it is necessary that we look into this whole aspect of the health of our institutions very carefully. This is what the Enforcement Directorate also recommends finally, and this also underlies our concern. The above investigations have revealed that the investments by the so called NRIs were out of black money of some unidentifiable investor for investors. Those unidentifiable investors can either be persons resident in India who have laundered a lot of money outside India through illegal channels or by way of under-invoicing, over-invoicing, exports, imports and so on. Or, they could be persons resident out of India who have illegally amassed wealth which has not been declared or subject to taxation of the country in which they are resident. This is a very crucial question. This is a touchy question too. I expect there is a great deal of East African, Kenyan and Ugandan money which comes into India and it wants to come into India in the hope that in India their identity would not be revealed. But it is again begging the

question because in Kenya if you have this kind of unaccounted money and if it comes to light then punishment is mandatory. There is no question of punishment not being noted out of political patronage etc. or otherwise. But in India we have no such thing. That I think has led the Enforcement Directorate to quite rightly observe that if you are not in a position to identify the real investor today the process will continue and one day the Indian companies would be taken over by unidentified persons residing abroad through their attorneys from various tax havens.

I am not at all opposed, in fact we should do everything to encourage non-resident Indians money or oversee money coming into India. But I do not think we will encourage that if we continue to play ducks and drakes with the system, unless our system is credible enough to carry confidence with the investors. I would say that the manner in which the BCCI, and institution of this land had been operated in the decades of eighties, they do not instil confidence. That is why I said that I will cite this incident to point out some possible future consequences for our economy and for the State as such.

I have already said and I repeat, the State will be appropriated by a few either by selective acceptance of the report of the Enforcement Directorate or by selective rejection of this report of the Enforcement Directorate. I do not have to labour that point. Institutions will then be bent for individuals. Examples again abound and those examples stretch, from the great scandal of Bofors to the day-to-day corruption of petty patwaris. All institutions, I put it to you Mr. Finance Minister, will finally go. No amount of our shared idealist; no amount of reforms, whether in fiscal policy or trade policy or industrial policy will be adequate or will succeed if you do not go into the very sinews and put into effect what you are trying to do by these three major reforms that you have initiated in this very Session of Parliament. It saddens me to say that if we do not address ourselves to all these things because that is what lies at the centre of my concern that many IMF loans later, many devaluation's later - the state of India, I hope

it does not happen but I have apprehensions that it will if we persist on this path, will become not just a captive of a few it will, become a non-entity. I hate this world of banana republic but it does portend and there are portents of precisely that because what typifies the banana republic is the use of nation whether by drug, mafia or by dealers, and illegal money, for private use. India is very close to that. India in the eighties had come dangerously close to be appropriate by a few.

That is why I appeal to the Finance Minister to think of BCCI and financial institutions in the manner in which we are trying to put it. Please do not think that we are motivated by the concern any other than those that motivate you.

I have a few clarification's to seek, a few questions to ask to the hon. Finance Minister and then I will conclude. I would have to repeat that the original, official statement of the Finance Minister was very unsatisfactory. I would request of the Government to come with complete details, full facts on this matter. Did the Government of India have any intelligence, any information, any appreciation of what was happening in BCCI? I am not merely referring to BCCI, Bombay because the hon. Finance Minister will take shelter behind that BCCI, Bombay was a branch of much larger organism called the BCCI.

BCCI, Bombay in particular, is a solvent bank and the figures that have appeared in the papers show that the deposits far exceed the loans granted. Some suggestions have been made to me. That some of these loans granted are in fact against hawala securities given in London. I do not have to go into a detailed explanation of hawala securities. The hon. Finance Minister would perfectly understand that a loan of Rs. 10 crore, without security, granted in India would have a corresponding security in London of a similar sum of money made available to BCCI, London. I am sure an audit has been carried out. All the papers are now with the State Bank of India. Would the hon. Finance Minister share the real state of affairs of that kind of loan position of BCCI, Bombay?

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A mention has been made earlier and it appeared in print also about the misuse of moneys by BCCI, Bombay of pilgrims wanting to go on Haj and the collection of EDS.

The BCCI, Bombay was lending itself to misuse on the scheme called FCNR. There are some details with us. I do not want to give those details merely as speculation or on account of rumours. I did like the hon. Finance Minister to share with us his worries and whether this FCNR deposit was a source of misuse of this bank.

I would like to know from the hon. Finance Minister about the oft-repeated questions of misemployment of these banks for laundering of drugs and narcotics money. Did the Government receive any report at any stage from the Narcotics Bureau, from the Intelligence Bureau or from any other Intelligence Agencies however imperfect or unsatisfactory the Intelligence Agencies might be? I had some occasion to do some looking into all these Intelligence Agencies when I was the chairman of a Committee. I am not greatly enamoured of their efficiency but nevertheless if they are as efficient or inefficient as the rest of the country is, then that being the collective norm, what is the information that the Government of India had in this regard, particularly, with a view to the reported meetings that the founders and former chairman of BCCI had with various known drug.....What am I to call?

SHRI SOMNATH CHATTERJEE:
Drug barons.

SHRI JASWANT SINGH: Barons would raise them to the level of political leaders and therefore I hesitated from using that word.

SHRI SOMNATH CHATTERJEE:
Drug barons are more powerful than some of the political leaders.

SHRI JASWANT SINGH: In that case, barons would be appropriate. I am very much concerned about the reports that the BCCI was lending itself and indeed lent itself as a kind of an agent, an attorney holder, collector and a tool for all seasons, for all

purposes of acquisition of weaponry by Pakistan, nuclear know-how or anything that Pakistan wanted to do including finance, BCCI was being employed for it. What information does the Government of India have in that regard? I would like the Government of India to share with us what information they have about this very alarming report, that the black network of BCCI was indeed inseparable from or indistinguishable from the ISI of Pakistan. If it was indistinguishable and if the black network operated throughout the world, then I am not ready to believe that it did not operate in India. If ISI is indistinguishable from that black network, then I would like to know, does the Government of India have any information in this regard?

I want to spend a little time on Indian interests so far as totality of BCCI is concerned and BCCI, London in particular. Here I would seek your indulgence to take a minute or two. Because this is a very worry some aspect. Here perhaps the Government could very easily, without embarrassing any of the industrialists or bankers could have done it.

I am informed that the people of Indian origin have lost somewhere between three-four billion US dollars because of the failure of BCCI; and if this is the amount of money that the overseas Indians - whether residing in London or elsewhere - have lost surely the Government of India ought to have initiated some action. I have apprehensions that the role and conduct of the Bank of England in this whole matter is not satisfactory. What action did the Government of India take? I know that the Bank of England is not at the back and call of the Government of India or the Reserve Bank of India. But for the sake of those overseas Indians who have lost three-four billion US dollars, did the Government initiate any action at all with the Bank of England? I think the whole conduct of the Auditors of this Bank is really most perplexing. Here is a firm of auditors, who, year after year, have said that this Bank is all right and suddenly this Bank becomes not all right. Was the government not aware of what was happening? After all, those three-four billion

US dollars that have been lost by overseas Indians, each one of those overseas Indians have got their relatives in India; and it was the responsibility, indeed the duty of the Government of India to have addressed itself to this task.

I am also given to understand that the Sheikh of Abu Dhabi has not only sent 650 million US dollars just a fortnight before the closure of this Bank and written off the losses of 1990, indeed he agreed also to meet all the other losses as well. What initiative did the Government of India take to encourage this initiative of the Sheikh of Abu Dhabi? It ought to have taken some initiative because so many Indians are involved, even if they are overseas Indians.

The courts in the UK have stayed the Receivership of this Bank until the Second of December 1991. I think the Government has got and some politicians, businessmen and former civil servants or present day civil servants have got a reprieve until Second of December because on Second of December when it goes to the Receiver and when the official liquidator publishes a list of all the accounts-holders, then I do not want my good friend, for whom I have the highest regards to be embarrassed, because that list which would be published only in December, might contain very embarrassing names and might contain a very embarrassing amount. Therefore, I would appeal to the hon. Finance Minister that whatever he says, he must take into account that the Receivership of the Bank is yet to take place.

I have earlier submitted that I find it very perplexing when universally the conduct and the illegality of the BCCI is being condemned, it is only the Government of India and the Congress Party which seems to be supporting the BCCI and all that the BCCI has done.

SHRI DIGVIJAYA SINGH (Rajgarh):
We never supported it.

SHRI JASWANT SINGH: You never supported it. I am so relieved to hear it. Then

don't support it further. My submission is that we have asked for a joint parliamentary enquiry into it and issue some guidelines. That is why I say that the least that the government can do is to take a stand on this issue. We would like to know: are you for BCCI? Are you for corruption and illegality or are you against it? You cannot be both because if you shackle the fence for too long then the fence enters you; and I would not wish that to happen.

There is an organisation called "British Organisation of People of Indian Origin." They have demanded an international enquiry into this whole scandal of BCCI; and I am told that the Chairman or somebody of this Organisation has perhaps requested the Prime Minister of India to support the request that he has already made to the British Prime Minister for a need of a proper enquiry into the collapse of the BCCI. Has the Government of India received any such request; and if it has, what is its action?

I would like to share with the hon. the Finance Minister and this too is worrisome to me, because I believe that the Western security services and the agencies like the CIA and others have misused this Bank. They employed it as a conduit, a laundering agency, whether it was Iran Contra affair or any other affairs, they have misused it. If they have misused, surely, the Government of India would have been in the knowledge of what was happening.

I would like to make one other request: That he must make a study of what impact the BCCI closure, even it is a temporary closure, what impact it would have in London and on NRI investments into India in the coming months. And I would request the Finance Minister to share his thinking on this subject with us.

I would also request the hon. Finance Minister to announce in Parliament what measures he is contemplating so far as the ordinary depositor or investor in the Bombay branch of the BCCI is concerned. For how long is his money going to be locked up? And

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what is going to happen to all the employees of the BCCI, Bombay, who are currently neither here nor there?

I am saddened to have to refer to a letter which I have received. It is from an organisation that calls itself, "The Indian Muslims Forum, U.K." and I find it objectionable not for any other reason, but for what it contains against my esteemed and good friend, Shri George Fernandes. And I would like to read out what it says about Shri George Fernandes I find it most objectionable I condemn it in the strongest terms and I would like the Government to tell me how they react to this particular letter, because I am sure that they have also received it.

"What is most regrettable and reprehensible", says this organisation, "is that such Indian political leaders as Mr. George Fernandes, Member of Indian Parliament has even used the opportunity to insult and injure the religious sentiments of the Muslims by leveling false allegations that the BCCI was being used as a conduit for transferring funds overseas from India under the cover of Haz pilgrimage expenses."

This is a matter of investigation. Arises of the Government of India have already conducted. It is not a Hindu Muslim question. It is a question of banking propriety and it does not lie in the mouth of any organisation in the UK. to pass such comments on him; not merely because he is my good friend and esteemed colleague. But if on any Member of Parliament, any such remarks are passed, then I will, as always earlier, stand up and protest against it. (Interruptions)

MR. CHAIRMAN: I do not allow you.

SHRI JASWANT SINGH: Just one or two additional questions.

The reports about the BCCI's questionable functioning had become public and

were public as early as in 1980. In fact, to the best of my recollection and knowledge, some of the South American branches of this Bank were closed on account of their nexus with drug laundering, and if I remember right, these disclosures took place in 1983. I find it very strange that the hon. the Finance Minister should have laboured so hard and protested so much that the Bank sanctioned in 1979 was not merely a representative office, but it was for a full-fledged banking operation. In 1983 when you finally permitted them to open a bank, in India was that not simultaneously with some of the South American banks actually being closed down for charges related to drug laundering? And if in South America BCCI was being closed down or elsewhere because it was laundering drug money, then what persuaded the Government of India in March 1983 to permit this Bank to open in India?

I would like, to know, therefore, was the Government of India never aware of the developments in the other countries when its branch was permitted to be opened? What arrangements do we have with Luxemburg, for example, about sharing banking information, not about individual personal accounts, but about banking information, bank to bank as Institutions do we have any arrangements or do we not have any arrangements?

Thirdly, did at any time any of our envoys - we have Commercial Attaches, in the U.S., UK., Luxemburg, Peru, Panama, Cayman Islands or the Isle of Man which are covered from the UK. and indeed the United Arab Emirates sent any reports of the activities of the BCCI, particularly as these reports were being published quite widely in the press there? Were these reports ever transmitted to the Ministry of Finance? Did this Ministry of Finance take away action on its own if the report did not reach them? Did the Reserve Bank of India, out of prudence or adequate care, initiate any inquiry into the aspects of BCCI? Does the government have any further information about the activities of the founder of the BCCI when he visited India on numerous occasions? and he is reported to

have numerous contacts including the grant of Asia award to a foreign dignitary when our late Prime Minister was the then Prime Minister; and he is reported to have been funding various activities within India. What are those activities? Which are those institutions?

I am given to understand that one of the premier educational institutions in the country was also the recipient of the munificence of Mr. Agha Hassan Abedi. Did the government find that Mr. Agha Hassan Abedi was present with the President of Pakistan at the height of the scare following exercise brass tacks in Jaipur on the infamous cricket match? I do not want to link the cricket match with any one or another. These are the issues that worry us greatly.

What about the reports of Mr. Agha Hassan Abedi's meeting - as I said earlier - with some known smuggler barons of the country? Did the Government of India ever receive any information or try to obtain any information regarding the BCCI's role in Pakistan's nuclear programme, including that of funding, arms transfer. What are the guidelines that exist for public financial institutions?

There are just two demands that I have. I will, of course, answer the points that the hon. Minister of Finance - and others make when it comes to my reply. But I would urge the hon. Finance Minister and the Government to accept these two demands. Please lay the established guidelines for public financial institutions of the country. And secondly, please institute a Joint Parliamentary Committee to look into totality of this great scandal, that is, BCCI.

SHRI GEORGE FERNANDES
(Muzaffarpur): I beg to move:

That in the motion,—

after "Indian Companies" insert

"acting as a conduit for shell companies to bring into the country unac-

counted money for investment in selected Indian Companies, and indulging in various sub rose activities including financing the smuggling of arms and other contraband material" (1)

That in the motion,—

after "financial institutions" insert—

" in the matter of lending any manner of support in corporate disputes and takeovers" (2)

That in the motion,—

add at the end—

": and further recommends that till the norms of conduct mentioned herein are finalised and approved, the public financial institutions do not take any steps that will benefit companies figuring in the BCCI scandal." (3)

SHRI CHHITUBHAI GAMIT (Mandvi):
I beg to move:

That in the motion,—

for

" and recommends the immediate announcement of norms of conduct by the public financial institutions and the establishment of a Joint Parliamentary Committee of enquiry in the matter."

substitute —

" and desires the Government to ensure that in view of closure of the Bank's operations, the interests of Indians and NRIs who invested and dealt with BCCI are adequately protected." (4)

SHRI DIGVIJAYA SINGH (Rajgarh): Sir, this House has gone through one of the longest speeches we have heard in the recent times, it has gone at least for more

[Sh. Digvijaya Singh]

than two hours in the Session when the Budget had to be guillotined only after discussing three Ministries.

Sir, using the phraseology of Shri Jaswant Singh, his verbal ejaculations relatively sensational in appearance, have been totally sterile in content.

17.00 hrs

SHRISOMNATH CHATTERJEE: Better at this ago.

SHRIDIGVIJAYA SINGH: Sir, we had to sit through two hours of his long speech and he came out with only one instance which referred to Rs. 22 crores of foreign exchange coming into this country and being invested.

SHRI JASWANT SINGH: There are others also.

SHRIDIGVIJAYA SINGH: Oh, we have some more also! Sir, as far as I am concerned, I had to go through two hours of his speech and heard him with rapt attention. The Rs. 22 crores of foreign exchange that came in and that too which was brought out by the then Director of Enforcement in 1986, the Lily-white Mr. Clean, Mr. Bhurelal, who had an occasion of eleven months... (*Interruptions*).

SHRI MANI SHANKAR AIYAR (Malladuturai): Sir, Bhurelal cannot be Lilywhite because 'Bhure' means brown and 'Lal' means red.

17.01 hrs.

[SHRIMATI MALINI BHATTA CHARAYA
in the Chair]

SHRIDIGVIJAYA SINGH: I appreciate the point, Sir. The point he made was that some irregularity was committed and the Directorate of Enforcement came across

that irregularity.

SHRISOMNATH CHATTERJEE: When?

SHRIDIGVIJAYA SINGH: In 1986. He may have been checked by the then Government. But who stopped him in 1989 November when his mentor Mr. V.P. Singh became the Prime Minister, when our dear friends in the Left Front and the BJP again to use Mr. Jaswant Singh's phraseology—were cohabiting with that Government? What steps Mr. Bhurelal, or for that matter Mr. V.P. Singh, took to take stringent action against those very people who might have committed some crime?

In the present context, Sir, we have just passed a Bill through which we want foreign investment to come to this country. So, the only point that Mr. Jaswant Singh made in his long speech becomes irrelevant today.

A Swiss banker's comment I would like to quote. He said, I quote:

"Find me one banker who will say no to a multimillion dollar deposit, even if he has serious doubts about the origin of that money. And how is he to know that the drug or the gun runner, who may be behind the money, is going to fall out of favour two years from now?"

Sir, all public lending institutions' scandals or working has to be seen with this in the back of our mind.

The Motion, as it stands says:

"That this House, taking serious note of the collapse of the Bank of Credit and Commerce International (Overseas) Ltd. (BCCI) expresses its concern about various reports of misuse of funds by this bank, inclusive of cornering of stocks of Indian Companies" - that is part-I - "and recommends the immediate announcement of norms of conduct by the public financial institutions" - part-II - "and the establishment of Joint Parliamen-

tary Committee of enquiry in the matter" - part-III. These three points are the content of this motion.

As far as the first part goes, we certainly have no objection in expressing our concern about various reports of misuse of funds by this bank, inclusive of cornering of stocks of Indian companies.

Any Indian company, or for that matter any person of Indian origin, if he violates any law prevailing in the land, then the matter has to be enquired into and if anyone violates the law, then action has to be taken against him. There is no doubt about it. We have no objection to it.

Then the second part is:

"recommends the immediate announcement of norms of conduct by the public financial institutions".

I may say that there are already well laid out guidelines and norms of conduct by the public financial institutions which, I feel, are good enough. What may be necessary is the will to implement those norms.

SHRI NIRMAL KANTI CHATTERJEE (Damdum): There is a recent modification.

SHRIDIGVJAYASINGH: Unfortunately, the hon. Member who has moved this motion, has not cared to define what are the norms which he wants to propose and what are the norms and conduct which he finds oppressive, lenient and missing. That is why I say that his two hours' ordeal was sterile in content.

Then, the third part is:

"establishment of Joint Parliamentary Committee" We had instituted a Joint Parliamentary Committee in the Bofors issue also.

SHRISAIFUDDIN CHOUDHRY (Katwa): That was also. sterile.

SHRI DIGVJAYA SINGH: Obviously, proved to be sterile later on. So much was said about Bofors: "So much corruption was there, such and such person has done it, we are going to bring out all the names in 15 days or 30 days". Shri V. P. Singh said so. Now he says that he did not say it some of his workers must have said it. We do not know who said it. But, at least, the people of this country gave him an opportunity to name at least those persons who were really involved in the Bofors issue. But that has also proved sterile.

The Joint Parliamentary Committee did go into it. The Opposition first said: "Set up the J.P.C.". We did set up the J.P.C. Then they said: "No, make an Opposition Member as Chairman".

SHRI SAIFUDDIN CHOUDHURY: No, we did not say so.

SHRIDIGVJAYA SINGH: That was said. I was a Member then also. I am not yielding.

Then they said: "Give us more representation in the Committee; not as per the strength of the House". When we agreed to set up a Joint Parliamentary Committee, the Congress Party had the mandate of the people at that time and as per the representation in the House which was prevalent in the Eighth Lok Sabha, the Parliamentary Committee was constituted. Our dear friends were really not interested in finding out the details. They were only interested in spreading disinformation, character assassination, making insinuations and which - I must give them credit for that - they had very successfully done.

There is another very important and pertinent point. Mr. Michael Hershman - I will come to him a little later - in his interview published in the INDIA TODAY (September 15, 1991) also referred to the Joint Parliamentary Committee to be bipartisan. I do not see the nexus. Is there a nexus? I do not think so. We will have to go into it. But, at the same time, he does go into a suggestion that

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the scandals of the BCCI can be brought out, provided a bipartisan committee of Parliament is formed and that too...

I would like to quote him:

The question asked was: "How could the truth be forced to come out?"

The answer given by Mr. Hershman was:

We could have a strong, independent investigation by a bipartisan Parliament, with the resources and professional staff necessary to conduct the inquiry. If there were people of substance in India who wanted to see an investigation proceed they could conceivably do it with private resources".

Sir, hon. Member Shri Jaswant Singh, when he started on Friday, could have conceivably asked for discussion on Monday also. But, obviously, he did not do so.

Because, on 11th September, the House of Representatives in United States...(interruptions)

I quote from Economic Times dated 26th July 1991:

"On the 11th of September the first American Chairman, Clark Clifford and Robert Altman, the Bank & President, had agreed to testify at the first hearing, the Committee (Congressional Committee) said."

Sir, probably he wanted to wait for that hearing to take place on the 11th September.

Sir, Michael Hershman, the great hero of the Fairfax and Bofors scandals, volunteered to testify before the august Committee. But unfortunately, Sir, the people in the Capital have found him not too credible and did not allow him to testify before the Committee. It is very unfortunate. Being one of the sources of our friends here, he was not

allowed to testify. Then, Sir, Shri Jaswant Singh ji was again let down by the Court order on the Bank of England that till December 1991 the names could not be announced. Sir, it is very unfortunate. It would have been proper if this motion could have been brought in January. By then the sources of Shri Jaswant Singh and Shri George Fernandes would have brought out a list probably as they claimed, they would have brought out in the Bofors scandal. The same list could have been made available to us and to the country. Unfortunately, Sir, it came a little too late.

Sir, what are the amendments? The first amendment of Shri George Fernandes says:

'after "Indian companies" insert "acting as a conduit for shell companies..." I believe the shell companies are those companies which are operating from tax haven. Am I correct, Sir?

SHRI GEORGE FERNANDES: Yes, Sir.

SHRI DIGVIJAYA SINGH: Thank you.

"... to bring into the country unaccounted money for investment in selected Indian Companies, and indulging in various sub rosa activities including financing the smuggling of arms and other contraband material".

His second amendment says: after "financial institutions" insert —

"in the matter of lending any manner of support in corporate disputes and takeovers"

Reliance and L. & T. — they should not be allowed to take over, they should be asked to stop.

His third amendment says:

add at the end—

"; and further recommends that till the norms mentioned herein are finalised and approved, the public financial in-

stitutions do not take any steps that will benefit companies figuring in the BCCI scandal."

Sir, this amendment totally relates to an issue — the corporate war which has been going on in this country for a fairly long time — Reliance and Bombay Dyeing. Sir, it is very unfortunate that this House has become a battlefield for the two corporate giants of this country. (Interruptions).

Sir, it is more unfortunate that a Member of Parliament of such standing as Jaswant Singh ji and also Shri George Fernandes are using this opportunity and this floor of the House to plead one way or the other the positions that have been taken by one or the other. Sir, these corporate giants have enough resources to fight their own battle outside this august House. Let us not waste our time in fighting their battles here. Why should we become pawns in their hands?

SHRI JASWANT SINGH: In fact, I have not referred to any of these companies.

SHRI SOMNATH CHATTERJEE: He thinks you should have done it.

SHRI JASWANT SINGH: He is free to make any charge which he likes. But I have not referred to any of these companies.

SHRI DIGVIJAYA SINGH: I am not making any charge.

SHRI JASWANT SINGH: You have made it.

SHRI DIGVIJAYA SINGH: It is not a charge. (Interruptions) I am not in favour of anyone. I am in favour of the depositors of Indian origin who have their money invested in the BCCI. This particular point was brought out in the amendments given by Shri Prakash Patil and Shri Garit. That shows their concern. So, I would like to congratulate them for having given the right kind of amendment in this whole motion. That amendment says:

That in the motion,-

for "and recommends the immediate announcement of norms of conduct by the public financial institutions and the establishment of a Joint Parliamentary Committee of enquiry in the matter"

substitute-

"and desires the Government to ensure that in view of closure of the Bank's operations, the interests of Indians and NRIs who invested and dealt with BCCI are adequately protected"

This is the concern of the House, which, unfortunately, was not brought out by my friends in the Opposition and we had to bring in this kind of amendment which was necessary.

That is why I say that our friends here are not really concerned with the concern which this House must have, for the Indian depositors. But, they are using this BCCI issue as another weapon, another stick to beat this Government with and settle political scores.

SHRI SOMNATH CHATTERJEE: What is wrong in it?

SHRI DIGVIJAYA SINGH: I have the full right to say whatever I want to say. We have the same story again, as we had during the Fairfax and Bofors - disinformation, character - assassination, innuendoes, insinuation, half-truths, leaks and throw mud in all directions, at least some will stick. First we had Bofors and now we have BCCI. Who are the lead players? They are, Mr. Micheal Hershman, Mr. V. P. Singh, Mr. George Fernandes, Mr. Gurumurthy and the INDIAN EXPRESS. (Interruptions)

SHRI JASWANT SINGH: I am the mover of the motion.

SHRI DIGVIJAYA SINGH: That is why I was reluctant to tell your name and you were

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not the Member of the Eighth Lok Sabha of which I happened to be a Member.

SHRI JASWANT SINGH: But I have enough to do with Bofors.

SHRIDIGVIJAYA SINGH: Then, I would call it unholy nexus.

SHRI SOMNATH CHATTERJEE: I think the list is exhausted.

SHRI DIGVIJAYA SINGH: The list is endless. The credentials of Mr. Somnath Chatterjee and the Left parties are not at all in doubt in this matter. We have nothing against them. The stand that they took regarding Fairfax issue was categorical and clear and we appreciate that.

Madam, unfortunately, the unholy nexus remains the same and unfortunately the target also remains the same - the Congress Party, Mr. Rajiv Gandhi and his family. It is very unfortunate that these very people are still not hesitating to condemn a dead man who valiantly lost his life for the country. Their effort to malign the personality of Shri Rajiv Gandhi and his family is totally deplorable and it should be treated with utter contempt. This is the disinformation not propagated by Shri Jaswant Singh only but by the unholy nexus.

You read the India Today interview by Michael Hershman. Who is Michael Hershman? We must know about Michael Hershman. In his own words in Washington Business Journal interview which he gave on 11 May, 1987 he says: Nearly all staff come from Government, C.I.A., FBI, IRS, military intelligence, police and every employee in Fairfax group even the secretary is a licensed investigator. Who is Hershman? I refer to a brief of his career. He began his investigation career during the late '60s as military special agent specialising in counter-terrorism. He then moved on to investigate Government corruption and financial fraud for New York City and later served as

investigator for the Watergate Committee. These are the credentials of the great man, Mr. Harshman.

In the Fairfax issue, who retained him to work for the Government of India? Was it Mr. V.P. Singh, Mr. Bhure Lai, Mr. Gurumurthy or Mr. Nusli Wadia? This the unholy nexus because of which we are discussing the motion here in this House. Who paid him the expenses? Certainly not the Government of India. It was said so. Who employed him? Again I quote Mr. Michael Hershman from the India Today. The question was put: "How soon after did you come to know that there was something wrong", He answers: "It was almost immediately after because I was given information and files". By whom? It was given by the Finance Minister. That showed him the extent of BCCI's involvement. That is why, I have said earlier, this is a part of the international conspiracy. They are out to malign true BCCI operations in Bombay, India, the Government of Mr. Narasimha Rao and the ruling Party.

Mr. V. P. Singh in his appearance before the Thakkar Commission has denied that he had ever come into contact with Mr. Michael Hershman. I do not know whom to believe. But obviously I would like to believe Mr. V. P. Singh when he is compared with Mr. Michael Hershman. Both are experts in disinformation. I am only saying whom to believe more and whom to believe less.

SHRI ABDUL GHAFOOR (Gopalganj): Why are you after Mr. Hershman? He must be a nastiest man in the world. But he was enquiring whether a particular person was a thief or dacoit. (*Interruptions.*)

SHRI DIGVIJAYA SINGH: That is why I am saying that I would rather believe Shri Vishwanath Pratap Singh than Mr. Michael Hershman although both of them were experts in disinformation. Who introduced Michael Hershman to Shri Bhure Lal? Shri Bhure Lal himself said that - in a statement it was acknowledged - it was Shri Gurumurthy who introduced him to Michael Hershman. Who is Shri Gurumurthy? Shri Gurumurthy

is a Chartered Accountant with known RSS leanings.

SHRI SOMANTH CHATTERJEE (Bolpur): That is why he is Shri Jaswant Singh's friend. (Interruptions)

SHRI DIGVIJAYA SINGH: That is to be corrected. This unholy nexus is to be corrected. Coming to my point, Shri Gurumurthy is the Economic Advisor to whom? He was the Economic Advisor to Shri R. N. Goenka of the Indian Express Group, the author of all articles written against the Reliance Group in Indian Express. And, for whose benefit it was written? Was it meant for the benefit of the rival corporate giant Shri Nusli Wadia? Well, I do not know about it. It could be for anyone's benefit. Who paid for Mr. Michael Hershman's stay in India? As it appears, he stayed in the hotel Obgeroi Continental. Was it a coincidence that the Chairman of the Bombay Dyeing Group also stayed in the same hotel during that time? He was an honoured guest of the hon. Chairman.

SHRI ABDUL GHAFOR: Was Shri Jaswant Singh there or not?

SHRI DIGVIJAYA SINGH: I cannot say about Shri Jaswant Singh. But Shri Gurumurthy was certainly there.

SHRI SOMNATH CHATTERJEE: Did he speak on Fairfax now?

SHRI DIGVIJAYA SINGH: I did not have the opportunity to hear him. But he did refer to that. (Interruptions)

MR. CHAIRMAN: Hon. Members should kindly address the chair.

(Interruptions)

SHRI DIGVIJAYA SINGH: That is why I said earlier that the intention behind the motion is really not to look after the interests of the depositors and the employees of BCCI. As a post-script, hon. Member Shri Jaswant Singh added in his speech one thing and so the intent was very clear. It is aimed at how to malign the ruling party and

the Leader of the ruling party which he tried his best to do. But unfortunately till now he has been unable to do so... (Interruptions) The BCCI may be involved in all kinds of rackets outside the country. It really does not concern as far as I am concerned. It does not concern us at all. What are the operations of the BCCI in Bombay? They are our primary concern. They should be punished if they have really violated any of our laws. I hold no brief for the BCCI or for the Reliance Group or for that matter the Bombay Dyeing or whatever it is. I certainly do object to the way things are being brought out through this august House to the nation which are casting motives on our action, which are casting aspersions on people whom we are politically opposed to. It has been amply made clear by the hon. Finance Minister that the liaison office was opened during the Janata Party regime. There is no doubt about it; there is no dispute as far as it is concerned.

SHRI JASWANT SINGH: He has asked me one question and I have to clarify.

SHRI DIGVIJAYA SINGH: You may answer in your reply. (Interruptions)

SHRI DIGVIJAYA SINGH: There is the recommendation of the then Minister of State. Who was the then Minister of State? He was Shri Satish Chandra Agarwal.

SHRI JASWANT SINGH: Was he there? Please verify the fact before you say that.

SHRI DIGVIJAYA SINGH: It may be anyone. I stand corrected. But the then Minister of State for Finance made some recommendation. It can be corrected. But now I stand by the name I mentioned. The then Minister of State for Finance in 1979 proposed to the Finance Minister and to the Prime Minister that the branch should be opened.

SHRI SOMNATH CHATTERJEE: How do you know?

SHRI DIGVIJAYA SINGH: It was a statement made by the Finance Minister. The

Finance Minister did make a statement. He did intervene on the last Friday.

It was the dirty eighties decade which the hon. Shri Jaswant Singh mentioned in his speech in his usual style and in his usual vocabulary. Only after 1983, the permission was granted and that too, for six long years. They had to undergo strict investigations and enquires by the Reserve Bank and only when they were convinced that the RBI's guidelines were being followed, then only the permission was granted. No favours were granted. There were so many foreign banks operating in this country and that too, on the specific recommendations of so many NRIs of the country who wanted BCCI to have a branch in this country. Regular transactions were done. I must give a credit to Shri Jaswant Singh for this. He himself has claimed and observed that the Bombay branch of the BCCI was totally solvent and is totally solvent. Then where is the concern? What is the problem then?

The same unholy nexus - I did not go to that - raided on the 18th July, 1986 the BCCI branch in Bombay.

Why did they raid it? I again quote Mr. Michael Hershman. He says:

"We also realised we were not going to get cooperation from BCCI: it wasn't in their best interest. So we began talking about a method for getting the information we needed. There were two plans. One was to try to enlist the support of the US and the British governments in the investigation. The other was to gather enough information on BCCI's wrong doings in India - to go after them criminally and try and force them to cooperate."

Mark the words 'to force them to cooperate'.

"That is why Bhure Lai took action against BCCI in Bombay."

I am not saying that. It is Mr. Michael Hershman's interview in India Today which is saying this. And I am extremely grateful to India Today and to Mr. Michael Hershman for having come out with this. It further says:

"The charges weren't important. What was important was to have evidence to support some charges so we could seek the cooperation of the BCCI employees being charged."

Shri Bhure Lai must have said, "excellent idea, Mr. Michael Hershman. Let us go ahead." And they went ahead. What did they come out with? They came out, as per India Today with this and I quote:

"The catch: 471 fake passports and a total of 84,000 dollars in cash and traveller's cheques. The scam-taking 500 dollars as foreign travel allowance for each passport holder - was worth 2,35,000 dollars."

First is the question of 471 fake passports. On a later enquiry, not one passport was found fake. The usual practice with the Haj pilgrims is that when there is rush to go to Haj, they usually give their FTAs to the travel agents to cash that to avail the FTAs.

So, in that rush hour, that was the opportunity for the great detective of Shri V.P. Singh's Government, Shri Bhurelai, who came up with a brilliant idea, to catch the BCCI and force them to cooperate on something which was totally unrelated to. This was the intention behind all this operation. That is why, I oppose and because the intent is totally mala fide. The intent is totally political vilification. It was not the concern for the depositors of Indian origin. It was only a political vendetta; a political vendetta that we saw in the 8th Lok Sabha and again being repeated now in this House. That is why, I say that this is a motion which is entirely sterile in content but, totally political in intents. You see the list of creditors of BCCI; it makes a very interesting reading. Who

were the creditors? It was Tatas with a total exposure amounting to Rs. 10.77 crores; Birlas - Rs. 21.34 crores; Reliance - Rs. 10.8 crores; R. P. Goenka Rs. 22.69 crores; Godrej - Rs. 7.69 crores and United Group - Rs. 15.20 crores. They are the creditors of the BCCI - the leading industrial houses of this country, who have been taking the advantage of the BCCI financing and who have been paying their regular dues on time. I hold no brief for the BCCI. Let them be hanged from my side if they had committed any irregularities. But, do not malign those people who are doing their job professionally, competently in this country and who have been paying the tax on time. Why should they be condemned and why should they be maligned? That is my objection.

The India Today in its report, has made some remarks about its narcotic links. I do not know anything about it. It may be enquired into. Our Narcotics Bureau may go into it; the Finance Minister may look into it; or RAW or IB may go into it. Names of two persons have been mentioned as having narcotics links with Mr. Abedi. I would like to quote their names. One is Nasir Ali of Shahjahanpur and another is Ramesh Chandra Kochar of Delhi. I do not really know about Ramesh Chandra Kochar of Delhi, but certainly we do know about Nasir Ali of Shahjahanpur, because, he was one of the known narcotic smuggler of the country and Shri V. P. Singh had the occasion to have Iftar dinner at his house in Shahjahanpur. As Finance Minister, he had the total economic intelligence of this country and after resigning as Finance Minister, he went to attend the After dinner, when he was having a stormy countryside tours. He obliged Shri Nasir Ali.

SHRI SOMNATH CHATTERJEE: It had blown you off I

SHRI DIGVIJAYA SINGH: Temporarily for eleven months and should I say with your kind cooperation along with the BJP. (Interruptions) It may again be double checked. We have no objection. I would like it to be checked. I would like the Finance Minister to be very clear about it. The narcotic smug-

gling in this country has to be checked. The narcotic links of politicians must be closely scrutinised. My colleague, Shrimati Vasundhara Raje, was also complaining to me how the narcotic and the political nexus has been troubling her in her constituency. I also personally know although Dr. Laxmi Narayan Pandey would not own up because he is so rigidly attuned to his party. (Interruptions)

[Translation]

SHRI RAM VILAS PASWAN: Since the name of Shri V. P. Singh has been mentioned and as he is not present, so I would like to say something. I was with him. Shri Shrivastava Ji, M.L.C. was also there with us on that day. They came quite late in the evening. The fact that Shri V. P. Singh attended 'iftar' dinner at a smugglers premises may be verified. Allegations should not be levelled in an irresponsible manner.

[English]

SHRI DIGVIJAYA SINGH: The links between the narcotic smugglers and the politicians must be closely inquired into. I would urge upon the Hon. Minister that whoever is concerned...

SHRI RAM VILAS PASWAN: He will never do that. I challenge you.

SHRI DIGVIJAYA SINGH: Why don't you cooperate?

[Translation]

SHRI RAMVILAS PASWAN: Let JPC investigate.

[English]

SHRIMATI VASUNDHARA RAJE: It is a very important point. (Interruptions) We will be very very grateful if this kind of thing could take place. Hon. Finance Minister is sitting there. He has suggested JPC. Why don't you do it? (Interruptions)

SHRI DIGVIJAYA SINGH: With your cooperation.

SHRIMATI VASUNDHARA RAJE: We will give full cooperation.

SHRI DIGVIJAYA SINGH: I am prepared to cooperate with you.

SHRI RAM VILAS PASWAN: At least we must agree on this point. The Finance Minister is sitting there.

SHRI DIGVIJAYA SINGH: I admire Hon. Shri Pawan's ardent support and ardent admiration for Mr. V. P. Singh in whose Cabinet he had the honour to remain for eleven long months. Did he ever try or make an effort to bring the narcotics dealer to book? Never. I do not know of any instance as such. (Interruptions)

[*Translation*]

SHRI RAM VILAS PASWAN: Since we failed to do it, so we welcome the Congress (I) to do what all has not been done. (Interruptions)

SHRI DIGVIJAYA SINGH: I am with you, Mr. Ram Vilas Paswan, on this point. (Interruptions) Our only concern as citizens of this country and as Members of this august House is to confine ourselves to the interests of people of Indian origin who have deposited their life earnings and savings in BCCI, Bombay, or for that matter in BCCI's any branch in the world. The Finance Minister must make every effort possible to safeguard their interests. At the same time, Hon. Finance Minister must look into and safeguard those employees' interests who are being unnecessarily punished. A profitable branch, solvent branch, of BCCI should be allowed to function as per the RBI guidelines. It can either be taken up by any of the nationalised banks - the SBI - or any other way the Finance Minister feels is correct. That is our only concern.

I would like to conclude on this note that we have seen mudslinging of the most, I would say, undesirable content and most unfortunate in sometime to come and in the

last few years time. I would urge upon Hon. Members not to resort once again on an issue which is totally unrelated, to go through the same exercise and resort to all those disinformation and character assassinations that we have seen in the case of Bofors. That is why I would urge upon all the Members not to vote for this Motion.

[*Translation*]

SHRI GEORGE FERNANDES (Muzaffarpur): Mr. Chairman, Sir, the hon'ble Member Shri Jaswant Singh in his speech has referred to the letter that has been sent by the Indian Muslim Forum. Perhaps copies of this letter have been received by other members also because the letters which have been addressed to the hon. Prime Minister and the hon. Minister of Finance bear a foot note mentioning that copies of the letter have been forwarded to all the hon. Members of Parliament, to the Members of Lok Sabha and Rajya Sabha both. Though the letter does not mainly contain any such thing on which objection can be raised.

17.47 hrs.

[*RAO RAM SINGH in the Chair*]

Yet I have got reservation about two paragraphs where in it has been stated:-

[*English*]

"What is most regrettable and reprehensible is that such Indian political leaders as Mr. George Fernandes, a Member of Indian Parliament, has even used the opportunity to insult and injure the religious sentiments of the Muslims by levelling such false and frivolous allegations that BCCI was being used as a conduit for transferring funds overseas from India under the cover of Haj Pilgrimage expenses. We have checked this out with our Indian sources who have told us that this allegation is baseless."

[Translation]

In the end they have appealed to the hon. Members of Parliament. It is said on the last paragraph that

"Also responsible and considerate Members...

MR. CHAIRMAN: Mr. Fernandes, what is this document which you are quoting from?

SHRI GEORGE FERNANDES: This document is sent by an organisation called the Indian Muslim Forum, UK (In London Borough of Newham), 7, Dunbar Road, Forest Gate, London E7, UK addressed to the Prime Minister and the Finance Minister and copies to all Members of Parliament, that is, Members of Rajya Sabha and Lok Sabha. This letter is dated 31st August, 1991. But it is addressed only to two. (Interruptions)

[Translation]

I have got the copy by post. Shri Rabi Ray have also received the copy the letter by post.

[English]

"Also, responsible and considerate Members of Parliament must ensure that such Members as Mr. George Fernandes are not allowed to insult Islam and the Indian Muslims by such baseless allegations against the Haj Pilgrimage."

[Translation]

Sir, if I may say in one sentence, I have never levelled such an allegation neither I could level such an allegation nor I could think in those terms today even but since on behalf of the organisation it has been said that they have their sources in India and the alleged allegations such are baseless. I feel that there may be some such sources which might be disseminating baseless information to the people... (Interruptions)... who ever they may be, but I would like to refute all these allegations and I also hope that ... (Interruptions)...

SHRI SOMNATH CHATTERJEE (Bolpur): This will also be handed over to JPC.

SHRI GEORGE FERNANDES: No body will indulge in a propaganda where religion is involved. Sir, the discussion on the issue could have been conducted in a better manner, had the hon. Minister of Finance provided some additional information as committed by him in the last paragraph of his statement made last time. The hon. Minister stated:

[English]

"I have made the above statement on the basis of Information available at present. In case further information becomes available, the Government will take appropriate action."

[Translation]

It would have been better if the hon. Minister of Finance had issued another statement about the additional information received and the action taken thereon by the Government. In that case the scope of the current discussion could have been limited any probably there would not have been any requirement for it. But since additional information has not been provided now we will have to widen the scope of the discussion. I hope a detailed discussion will be held.

Sir, it is necessary to understand the ramifications of the issue, which is being debated upon in the House. Firstly, why and how did this Bank made entry in the country and who gave permission for opening its branches. We would like clarification of these aspects by the hon. Minister of Finance. I wrote a detailed letter to the hon. Minister. The reply to the letter was given by an official of the company. In response to that letter, M/s. Reliance Industries also wrote a letter and sent me a copy of the same which I forwarded to the hon. Speaker of Lok Sabha.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): I think I may be wrong. But the letter which you wrote to me was given to the press before it reached me.

SHRI GEORGE FERNANDES: It was not given before. It was delivered at their office later on. But those are technicalities. In this debate, that is not an important question.

[Translation]

Sir, later on the company in writing expressed its regret to the Hon. Speaker of Lok Sabha and said that the letter was written inadvertently by the company. The newspaper published both the original as well as the letter of regret written by the company. Therefore, at their end the matter is over. In response to my letter, the hon. Minister of Finance verbally unofficially communicated to me five minutes before the start of sitting of Lok Sabha, that if he gives reply to all the points raised in the letter then the previous Government, in which I was a Minister will come under clouds. Whatever I told him, I would like to reiterate in the House. I told him - that I have always admitted that all Governments make mistakes. Some Governments make more and some make less.

[English]

All Governments are bad. But some are worse than others.

[Translation]

I therefore, request the hon. Minister of Finance to bring all the facts to light. I urged him not to care for the malignity of the previous Government, Shri V. P. Singh or the former Finance Minister or anyone else. If the Government feels that nothing wrong has been done, then I have no hesitation in saying that the granting of permission to the Bank was itself wrong. I have been told that

the name Patil contained in my letter refers to Governor Patil. It has been said that the names mentioned by Shri George Fernandes and the letters referred to by me are totally incorrect. Probably they may be right, because I write letters on the basis of information supplied to me by various individuals. Therefore, instead of going into technicalities do not try to divert attention from the main issue. I would like to know who granted permission to the Bank for opening its branches into the country in violation of the orders of Governor of Reserve Bank of India. Many names have been mentioned by the hon. Minister and Shri Digvijaya Singh in the House. One of my colleague in the House suggested that an objection should be raised, in this regard but since we intend to mention a few names today, I thought it better not to raise objection. I would like to know the role of Shri Amar Rizvi in facilitating entry of this Bank into the country. Possibly the information available with me may not be correct about the roles of various persons. A very pertinent point mentioned in the statement of the hon. Minister of Finance is that :-

[English]

"There were also reports in 1988, from intelligence agency that BCCI has made overtures for acquisition of property and is trying to enter the hotel and real estate business in Lucknow and Bombay in partnership with Amar Rizvi."

SHRI MANMOHAN SINGH: But I also said that nothing was found.

SHRI GEORGE FERNANDES: I am reading the Minister's statement. I would like to know...

SHRI SONTOSH MOHAN DEV (Tripura West): Please read it in full, not in part.

SHRI GEORGE FERNANDES: I have read it in full. There is nothing beyond.

"The Reserve Bank of India looked

into the matter and the Reserve Bank of India scrutiny of BCCI, Bombay branch did not reveal financing/acquisition of real estate business/property."

Of course, it did not because the intelligence agency viewed this as a fraught on the security risk. Before the Reserve Bank of India came in, Mr. Finance Minister, the intelligence agency had come into the picture. This is your statement. I do not have access to this intelligence report. It is your statement that I was quoting.

SHRI MANMOHAN SINGH: You are miss-quoting the statement. I did say that our intelligence agency has got some report to this effect. They said that this should be looked into. The Reserve Bank of India looked into this and they said that there was no truth in it.

SHRI GEORGE FERNANDES: I have the information that an effort was made to acquire the real estate. I am making this statement with full responsibility that the efforts were made to acquire the real estate and intelligence agency did submit a report and the Reserve Bank did make a statement that the Finance Minister has just now referred.

MR. CHAIRMAN: There is a little difference, Mr. George Fernandes. You are saying that it was checkmated because the intelligence agency stepped in. But the Finance Minister is saying that he checkmated as soon as he came to know about it.

SHRI GEORGE FERNANDES: Sir, I started by saying that I may be making some mistakes in terms of personalities, dates and so on and so forth. So, Mr. Chairman, Sir, we would like to know as to under whose pressure and under what circumstances permission was granted to this bank when the Reserve Bank of India was not in its favour. Is it not a fact that a meeting of the Secretaries was convened for this specific purpose and an effort was made to change all the rules and procedures governing the

entry of a foreign bank into India? Is it also not a fact that the then Governor of the Reserve bank had refused to attend that meeting? Is it not true that despite all this, the Bank was allowed to open its branch in the country and is it not a fact that the then Reserve Bank Governor described it to be a very wrong decision and took a decision to keep a special watch on the activities of this Bank?

Mr. Chairman, Sir, perhaps Shri Digvijaya Singh has left the House, but he should have been here, because he had expressed his reservation about bringing his party or party leaders into the picture. We too are not interested in bringing any party into picture, but there should be no objection whatsoever, if I say that license was granted to this Bank in 1983 during Shrimati Indra Gandhi's tenure as Prime Minister, despite the reservations expressed by the Governor of the R.B.I., because it is a fact. I know that questions would be raised regarding the steps taken by Shri V. P. Singh in this regard. In 1986, when it came to notice that some Indian companies operating from Isle of Man purchased shares of Reliance company of the B.C.C.I. worth Rupees two crores on the basis of share capital of 200 Pounds any when investigation into the matter was done why no action was taken in 1987 on the basis of that report? Why it was not implemented in 1988? When they put questions as to why Shri V. P. Singh didn't take any action on the basis of that report, they tend to forget all these things. When they can raise such questions, there won't be anything wrong on my part, if I say that it was Shrimati Indra Gandhi's Government, which issued the license to this bank in the year 1983.

Mr. Chairman, Sir, we would like to get the replies to these questions on the floor of the House. The most important point is how this bank was allowed to open its branch in the country.

Mr. Chairman, Sir, another important question is regarding the activities of the bank in this country. I have got some letters

[Sh. George Fernandes]

with me. One is from the Employees Union of the bank. Those people came to meet me. They must have met some other hon. Members as well. They told us their problems, but along with that they have pointed out to a very dangerous thing in their letter. They have addressed this letter to the Deputy Governor of the Reserve Bank, the first sentence of which reads as follows.

[English]

"We the entire staff of B.C.C.I. at the outset wish to apologise to the Reserve Bank of India for having put them in a rather awkward situation."

[Translation]

This, they have written, despite the fact that they personally haven't put anyone in an awkward situation. They are the poor Indians who had been employed by the bank. They are no way at fault, they were merely working in the Bank for their livelihood. Today, they are jobless yet, they are not worried for their future. Rather, they have expressed their concern over the fate of the depositors, those who have taken loans from the Bank, those who wanted to take loans and those people, whose business has come to a grinding halt, as a result of the collapse of the bank, but along with all this, they have mentioned something serious as well. They have filed a case in the Bombay High Court.

[English]

"In the High Court of Judicature of Bombay, Ordinary Original Civil Jurisdiction, Company petition No. 389 of 1991.

[Translation]

It is against the R. B. I. In this petition, filed on behalf of the employees, it is mentioned that

[English]

"We will rely upon the statement made by the finance Minister of India on 7.8.91 that nothing illegal or irregular is found in the working of the Bombay Branch of the BCCI".

[Translation]

They have deposed this before the court. On the one hand, we have this letter of the employees and our sympathies are also with them. On the other, I have with me this letter from the B. C. C. I. Bombay Branch Depositors Forum, C/o Bombay Cricket Association, signed by four prominent persons viz Shri Madhav Mantri, President Bombay Cricket Association, Shri M. R. Pal, President, All India Depositors' Association, Shri A.N. Parikh and Shri A. Lobo. This letter was written, after holding a meeting of the forum. In their letter, they have made certain remarks about the R. B. I. to which the hon. Minister of Finance should pay attention. I am not asking the Finance Minister to look into it, because their remarks are unwarranted or anything like that. Rather, they have said that R. B. I. has been keeping a watch on the activities of the B. C. C. I., as they do in the case of nationalised banks and they have been issuing certificates. In fact, it was the Reserve bank of India, which granted B. C. C. I., the license to operate in India and which audited its accounts and to quote them -

[English]

"Since the RBI has a reputation for adequately safeguarding through maintenance of substantial statutory reserves and through tight controls, the interest of the depositors of all banks operating in India none of us had an idea that we would be devastated by double blackage of our monies".

[Translation]

They have also mentioned in the letter, the various other difficulties they have faced and they expect the R.B.I. to take some

Initiative in this regard. I am sure, the entire House will understand the pain and agony of the depositors. The Bank had inserted an advertisement blitzkrieg to attract depositors and was offering huge interests. Many innocent people and institutions, got lured by these advertisements and deposited their money in the bank, in the belief that their money was in safe custody as the R.B.I. was issuing them certificates. Mr. Speaker, Sir, we should think about these people. I would like the hon. Minister to pay special attention to this matter.

I am also in possession of a letter from the British Organisation of People of Indian Origin, to which my friend Shri Jaswant Singh has also referred. This letter is signed by Shri Prafulla Patel, who is a Member of the Government of India's Consultative Committee for N. R. I.'s Investments. As a member of this committee, he has sent three or four documents, in which there are two important points. He says that

[English]

The Sheikh of Abdu Dhabi had given written undertaking to the regulatory authorities in London, Luxemburg and Caymen Islands that they will make good all the losses. They were willing to underwrite all the shortfalls.

[Translation]

In this letter, it is also mentioned that Indian Citizens, had deposited about Rs. 10,000 crores in India and the U. K. If this is a fact, we would like to know whether the hon. Minister of Finance is aware that the Sheikh of Abdu Dhabi had agreed to make good all the losses and if so, what steps did our Government take, when the Sheikh made the announcement in this regard? However, another thing that they have mentioned is for more important. They have said that British Government has constituted a committee, Bingham Inquiry Committee by name to investigate the whole issue. According to them, it is merely an exercise, an eye-wash. It won't serve any purpose. Such

a committee should be constituted that will go deep into the whole issue and find out the facts. This is what they say. Further they have also mentioned, what they expect from the Indian Government.

[English]

The least that the Indian Government can do is to take a stand on this issue in Parliament and to do all that is necessary through diplomatic channels so that the depositors can recover their deposits. After all, why should the innocent depositors be penalised for the activities of a few Pakistani crooks and law breakers who have run this bank within a bank and siphoned of millions of dollars.

[Translation]

They want the Parliament to discuss this matter. It is my request to the Government that it should pay attention towards issues like the problems faced by the employees and depositors of the bank who are Indian and to help them out by devising some way.

Mr. Speaker, Sir, the aforesaid letter also mentions the name of prominent individuals and industrial houses like Tatas, Birlas, United Group, Reliance etc., whose names Shri Digvijaya Singh has just read out. We are not concerned about the amount of money they have deposited in these banks. The amount of money they have deposited and the amount of money taken out etc. will come to light, once the investigation is done. You must have certainly put the whole matter before the Reserve Bank, for the purpose of audit and the bank too must have appointed a Receiver to look into them and certainly we will get some information, in due course. However, our objection is particularly to the other activities of the Bank. Due to the paucity of time, I won't read out the entire Resolution, but in the amendment that I have proposed, in the larger interests of the public.

[Sh. George Fernandes]

I had suggested:

"acting as a conduit for shell companies to bring into the country unaccounted money for investment in selected Indian companies, and indulging in various sub rosa activities including financing the smuggling of arms and other contraband material"

[Translation]

SHRIDIGVIJAYA SINGH: Our objection is only to the last two activities mentioned.

SHRI GEORGE FERNANDES: Didn't you say or not that there is nothing objectionable in these activities? You have no objection to the activities mentioned in the first paragraph. It is a fact that the bank has been acting as a conduit for 'shell Companies' to bring into the country unaccounted money and indulging in Sub rosa activities. I was glad to learn that you have no objection to these charges. Regarding the raid conducted in 1986, the hon. Minister of Finance has mentioned here that:

[English]

BCCI was involved in a controversy in 1986 when investigations by the Enforcement Directorate revealed that the bank was releasing foreign exchange against foreign travel scheme to travel agents without verifying the signatures of those who have travelled., etc. With the result that a substantial amount of foreign exchange was released on the strength of the forms bearing forged and fake signature."

[Translation]

Shri Digvijaya Singh has said in the House that it is not true that all this money was collected for Haj. (*Interruptions*)

[English]

SHRI DIGVIJAYA SINGH (Rajgarh): I

only said that, "On enquiry the passports were found to be fake". This is what I said.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): And that is correct.

[Translation]

SHRI GEORGE FERNANDES: So, this controversy took place, about which the hon. Minister of Finance made a mention here. Thus, many such allegations were levelled against the company in the aftermath of the controversy...(*Interruptions*)

[English]

Some of the employees were detained under the COFEPOSA Act.

[Translation]

The hon. Minister of Finance has presented some figures here. In that raid itself, U.S. Dollars worth Rs. 1,32,000 and Rs. 17,00,057 were seized. We have informed the Finance Minister about it and we believe that the amount seized during the raid was their earning of a single day and the company has been indulging in these activities throughout the year. They made fake passports, got dummy tickets issued and siphoned off \$ 500. This company made \$ 2.5 crores... (*Interruptions*)

[English]

SHRI MANMOHAN SINGH: All this is absolutely unsubstantiated. (*Interruptions*)

SHRI DIGVIJAYA SINGH: It is a mere fiction thriller. The hon. Member should take up writing fiction thrillers. He will do well.

[Translation]

You may please give the facts ...(*Interruptions*)

SHRI GEORGE FERNANDES: If you have the facts, please give them to us.

Whatever information we have with us we will give to you. I think the BCCI scandal is being discussed in as many as 70 countries of the world. The BCCI scandal is being investigated by all the countries of the world except those countries where there is dictatorship and where cult of violence prevails. BCCI case is also under investigation in our country too. However, the ruling party says that it is totally concerted and a fiction. It is a disinformation, what they say. An attempt to protect the BCCI is being made. The entire world is making the affairs of this bank public...*(Interruptions)* I could not follow it ...*(Interruptions)*

[English]

SHRI DIGVIJAYA SINGH: The inquiry can be held only after certain facts are given. If the hon. Member has any facts, he should bring them forward.

SHRI NIRMAL KANTI CHATTERJEE: After all the facts are known the inquiry should start. That is his submission.

SHRI DIGVIJAYA SINGH: Sir, it is absolutely correct that the inquiry should be held by the RBI. The Finance Ministry can hold it. *(Interruptions)*

MR. CHAIRMAN: I am sure the Finance Minister is taking a serious note of all that you are saying.

SHRI GEORGE FERNANDES: Sir, he is absolutely competent to reply ...*(Interruptions)*

MR. CHAIRMAN: Kindly do not interrupt him.

[Translation]

SHRI GEORGE FERNANDES: All right. I can understand why you are worried... Why are you interrupting me? Please let me make my point. When the Minister of Finance will give the reply, he should place the

information if he has any ...*(Interruptions)*

SHRI DAU DAYAL JOSHI: Bad association bad name.

SHRI GEORGE FERNANDES: Mr. Speaker, Sir, the problem is that six officers of the bank were apprehended. It was done under the COFEPOSA. One among them is absconding and the rest have been placed under detention. *(Interruptions)***

[English]

MR. CHAIRMAN: Mr. Fernandes, how can you say that the former Prime Minister has ordered their release?

(Interruptions)

SHRI DIGVIJAYA SINGH: Sir, on the floor of the House I wanted to raise an issue. I had given in writing to the hon. Speaker about certain people who have been let off under COFEPOSA when Shri V.P. Singh was the Finance Minister. I had submitted the relevant document and the files. I have not yet been allowed to raise it.

Sir, if the hon. Member, Shri Fernandes, has got a record, he should submit it. Only then, he should make accusation... *(Interruptions)*

MR. CHAIRMAN: Shri Fernandes, you have made a statement that the former Prime Minister released them. Was it on record somewhere? Was it purely your conjecture?

SHRI MANMOHAN SINGH: Mr. Chairman, this is totally unsubstantiated thing that Mr. Fernandes has said...*(Interruptions)*

MR. CHAIRMAN: Please sit down when I am on my legs.

(Interruptions)

MR. CHAIRMAN: Mr. Fernandes, I am sure you will agree with me that it is quite not correct to make an unsubstantiated allegation unless you have got something, by which you can authenticate it.

** Expunged as ordered by the Chair.

SHRI GEORGE FERNANDES: Sir, I stand by my allegation...*(Interruptions)* Sir, Mr. Digvijaya Singh's point is that he has given in writing to the Speaker that Mr. V. P. Singh was the Finance Minister and he ordered the release of these COFEPOSA - detenus*(Interruptions)*

SHRI DIGVIJAYA SINGH: Yes, I have said that and I stand by that.

SHRI GEORGE FERNANDES: Very good. I thank my friend, Shri Digvijaya Singh, for confirming it. Shri Rajiv Gandhi was his own Finance Minister when he ordered the release of these detenus...*(Interruptions)*

SHRI DIGVIJAYA SINGH: Sir, I would like to correct the honourable Shri George Fernandes. The documents that I have submitted were of the time when the honourable Shri V. P. Singh was the Finance Minister of this country and he had signed the release order...*(Interruptions)*

SHRI RAM VILAS PASWAN: Who was the Prime Minister at that time?...*(Interruptions)*

THE MINISTER OF STATE OF THE MINISTRY OF SURFACE TRANSPORT (SHRI JAGDISH TYTLER): Mr. Chairman, Sir, till the hon. Member, Shri George Fernandes, produces any document, no allegation against Shri Rajiv Gandhi should go on record. *(Interruptions)*

MR. CHAIRMAN: I have already given a ruling that unless Shri George Fernandes could substantiate what he has said and bring it to the notice of the hon. Speaker in his chamber, any reference to the former Prime Minister passing any order about release of anybody will be expunged from the record.

(Interruptions)

SHRI SOMNATH CHATTERJEE: Sir, Hon. Speaker was not in the chair some time ago when Shri Digvijaya Singh took to many names. Did he try to substantiate any of them? *(Interruptions)*

AN HON. MEMBER: This is a serious matter. *(Interruptions)*

MR. CHAIRMAN: Shri Somnath Chatterjee and Shri George Fernandes, you are very senior parliamentarians. I think it is the well known practice that...

(Interruptions)

MR. CHAIRMAN: Please do not talk when I am on my feet. If any allegations have to be levelled against any sitting Member or any ex-Member of former Prime Minister, then a notice to that effect should be given to the hon. Speaker and only after taking such permission that any allegation of such a serious nature are levelled against any sitting Member, or a Minister, Prime Minister of former Prime Minister or anybody like that, can be made. I think you will agree with me that this practice should not be violated.

(Interruptions)

MR. CHAIRMAN: I would, therefore, request Shri George Fernandes that if there is anything pertaining to the remarks about a former Prime Minister they will be erased from the records if not substantiated by him.

(Interruptions)

[Translation]

SHRI MADAN LAL KHURANA (South Delhi): What about the allegations he has levelled? *(Interruptions)*

SHRI JAGDISH TYTLER: Why are you looking up? Please talk to the Chairman. Are you passing on any news? *(Interruptions)*

[English]

MR. CHAIRMAN: It is not within my knowledge as to what Shri Digvijaya Singh has said. I can only say that if you, hon. Members, are seriously objecting to that, first of all my remarks would be that you should have objected at that particular point

of time. Secondly, if you have failed to object at that particular point of time and you are objecting now, then I would say that record can be examined by the hon. Speaker and if there is anything objectionable, I think the Speaker would certainly expunge them. That is the only ruling that I can give at this stage. (Interruptions)

[Translation]

SHRI RAM VILAS PASWAN: Mr. Chairman, Sir, I am on a point of order. (Interruptions)

[English]

SHRI PAWAN KUMAR BANSAL (Chandigarh): If he has any document in his possession, why is it that he is not reproducing it in the House now? (Interruptions)

MR. CHAIRMAN: Kindly do not interrupt. I have asked Shri Ram Vilas Paswan to speak.

[Translation]

SHRI RAM VILAS PASWAN: I want only this much from you that your ruling should be equally applicable to all the discussions held here and all the allegations made by hon. Members against the former Prime Minister and other Ministers.

MR. CHAIRMAN: Mr. Paswan, I am not empowered to give blanket orders that all the allegations that were levelled against any Prime Minister who were in power during last five years should be expunged.

SHRI RAM VILAS PASWAN: It is not the question of last five years but it is a case of very recent past. (Interruptions)

[English]

MR. CHAIRMAN: I do not know. There may have been substantiated allegations against some former Prime Ministers.

(Interruptions)

MR. CHAIRMAN: But, what I can say is, we should take notice of what is happening at the present moment.

(Interruptions)

[Translation]

SHRI RAM VILAS PASWAN: Mr. Chairman, Sir that is why I am saying that when Malinji was in the chair...(Interruptions)

[English]

SHRIMATI MALINI BHATTACHARYA (Jadavpur): Whatever remarks had been made against whichever former Prime Minister - whether it is Shri V. P. Singh - let them be expunged.

SHRI A. CHARLES (Trivandrum): Sir, I am on a point of order.

SHRI JAGDISH TYTLER: Where are the documents?

(Interruptions)

MR. CHAIRMAN: I am sorry. This ruling would have no meaning to have blanket erasure of any reference to any person previously.

(Interruptions)

SHRI A. CHARLES: Sir, on a point of order please.

MR. CHAIRMAN: One at a time. I have asked Shri Pawan Kumar Bansal to speak. Let him speak.

(Interruptions)

MR. CHAIRMAN: Yes, Shri Bansal.

SHRI A. CHARLES: *(Interruptions)

MR. CHAIRMAN: I would request him not to say anything against the Chairperson who was in the Chair at that particular time.

Kindly have this much respect for the Chair that if Shrimati Mallini Bhattacharyaji or ABC or anybody is in the Chair, kindly don't cast any aspersions. Nothing regarding Shrimati Mallini Bhattacharya will go on record.

(Interruptions)

SHRI PAWAN KUMAR BANSAL (Chandigarh): Sir, my submission is that there is a basic difference between the tenor of what Shri Digvijaya Singh has said and what Shri George Fernandes has said. All that Shri Digvijaya Singh said was in reference to the time when certain incidents took place when Shri V. P. Singh was the Finance Minister, while Shri Fernandes made unsubstantiated and wild allegations.

MR. CHAIRMAN: Shri Digvijaya Singh is very much here. Whatever he wants to say, he can say it.

(Interruptions)

MR. CHAIRMAN: Mr. Fernandes, would you like to continue your speech?

SHRI PAWAN KUMAR BANSAL: Shri Fernandes levelled a baseless allegation. *(Interruptions)*

[Translation]

SHRI RAM VILAS PASWAN: Mr. Chairman, Sir, what is your decision since I have also raised this point in the House.

MR. CHAIRMAN: I have already given my Ruling in response to your point of order. I have already said that I do not have the authority to give blanket Ruling to expunge the names of all the former Prime Ministers which have come. I cannot give any such Ruling. But the Ruling that I have just given that whatever Mr. George Fernandes has said

[English]

About the former Prime Minister will be

erased from the record.

(Interruptions)

MR. CHAIRMAN: I can only give a Ruling on what is within my knowledge. What has happened in front of me, I can give a Ruling on that. Mr. Ram Vilas Paswan, on anything that happened last year or a year before, I cannot give a Ruling.

SHRI RAM VILAS PASWAN: That mean's that the points made by Shri Digvijay Singh will go on record. *(Interruptions)*

[English]

MR. CHAIRMAN: Anyway, I have given my Ruling. I cannot give any blanket Ruling.

(Interruptions)

[Translation]

SHRI RAM VILAS PASWAN: Before George Fernandes Shri Digvijay Singh had also referred to Shri V. P. Singh by name that he was with the National Front and it will go on record. But when he said that Shri V. P. Singh was the Finance Minister when he was the Prime Minister, it will not go on record. *(Interruptions)*

MR. CHAIRMAN: I have given my Ruling on this also. If Shri Digvijay Singh has levelled an unsubstantial allegation on anyone and if the hon. Speaker while examining the record considers it objectionable he will erase it. It was not said in my presence. It is the hon. Speaker, who will examine it. I have already given this Ruling.

(Interruptions)

[English]

MR. CHAIRMAN: The other thing I want to say is that there was no time allotted for this discussion. I would like to take the sense

of the House about this.

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV): We are ready to sit late. Let it be finished today.

MR. CHAIRMAN: It is up to the House, whatever time you want to give for this.

SHRI SONTOSH MOHANDEV: We want to finish it today.

(Interruptions)

MR. CHAIRMAN: We have already taken, I think, about three-and-a-half hours on this subject. Would you like to suggest some time, Mr. Jaswant Singh?

SHRI JASWANT SINGH (Chittorgarh): Mr. Chairman, Sir, when the time was fixed for this discussion...

MR. CHAIRMAN: There is no time fixed.

SHRI JASWANT SINGH: Sir, a discussion took place both in the Business Advisory Committee as also with the Hon'ble Speaker. It was decided that the discussion on my motion would start today at One o'clock. The anticipation was that the hon. Finance Minister's reply to the Finance Bill would commence at 11 a.m. and end by One o'clock and this discussion would start at One o'clock and go on till about 4.30 p.m. In that sense by implication, three-and-a-half hours have been allocated. But this discussion has started only at Four o'clock.

MR. CHAIRMAN: Yes, it started at Four o'clock. That means, another one hour is left.

(Interruptions)

SHRI SONTOSH MOHAN DEV: Mr. Chairman, Sir, the hon. Parliamentary Affairs Minister has gone somewhere and before going he said, as Shri Jaswant Singh has very rightly pointed out, that this discussion is for three hours and if necessary, it can be extended with the consent of Shri

Jaswant Singh and other Members for another one hour more. But preferably it should be finished today.

Shri Somnath chatterjee: Sir, he is a crusader against corruption and we hope he will not try to stifle this discussion.

(Interruptions)

SHRI SOMNATH CHATTERJEE: Sir, the Congress Party wants to stifle this discussion.

SHRI SONTOSH MOHAN DEV: You speak for whatever time you want and we will listen to your speech. But do not say that the Congress Party wants to stifle the discussion.

MR. CHAIRMAN: I must say that Shri Sontosh Mohan Dev is very magnanimous. So, let us fix the time. According to Shri Jaswant Singh, it comes to 7.30 p.m. and therefore, I think, we can sit upto 8.00 p.m.

(Interruptions)

SHRI PAWAN KUMAR BANSAL (Chandigarh): Sir, kindly fix the time for each speaker also, because there are many Members who want to speak.

(Interruptions)

[Translation]

DR. LAXMINARAYAN PANDEYA (Mandsaur): Mr. Chairman, Sir, it should be made clear that no business other than BCCI will be taken up today.

MR. CHAIRMAN: In that case, when will the remaining business be taken up.

DR. LAXMINARAYAN PANDEYA: Mr. Chairman, Sir, they will be taken up on Monday.

MR. CHAIRMAN: The leaders of all parties have unanimously agreed in the Business Advisory Committee that 4 hours would

be allotted for discussion to this subject.

[English]

I think for Monday and Tuesday the business is full.

[Translation]

Since it has started at 4 P.M. let us have it completed by 8.00 or 8.30 P.M.

(Interruptions)

[English]

MR. CHAIRMAN: We are unnecessarily wasting the time of the House. Now, Shri George Fernandes can continue his speech. Mr. Fernandes, you have brought out so many points. Let them chew over those points.

[Translation]

SHRI GEORGE FERNANDES: Mr. Chairman, Sir, firstly, I would like to know from the Minister of Finance the names of the banks and the connections they had with this Bank. I would, particularly like to know about the audit report which was prepared recently under Section 41 of Bank of England Act and some parts of which has been published. The above audit report was however not published in Indian newspapers. Though the report was published in the newspapers of England, they have tried to censure the remaining parts of the report. Under these circumstances, did the Indian Government make any efforts to call for this report from the British Government? Had the Government obtained the report? Does that report say anything about State Bank of India giving loan to B.C.C.I. The State Bank gave loan of 50 million dollars to B.C.C.I. The work on which the loan amount was utilized and what were the terms and conditions of the loan. Is it a fact that this amount was utilized by the B.C.C.I. for servicing their own accounts? We want to have a categorical statement from the hon. Minister of Finance as to what were the connec-

tions between the State Bank and B.C.C.I in the records of Secret Department which was censured by the British Government. More than that, we want a clarification on the connections between the Syndicate Bank and the B.C.C.I. Among the nationalised banks of India the position of Syndicate Bank is most dismal; If any other bank is more sick than this Bank, the Minister of Finance should let the House know...

[English]

MR. CHAIRMAN: That is besides the point. That is not the matter under discussion.

SHRI DIGVIJAYA SINGH: That is what they are discussing. The BCCI does not owe to Syndicate Bank a penny. It has been given in writing.

MR. CHAIRMAN: I think, that is quite irrelevant to the subject in hand.

[Translation]

SHRI GEORGE FERNANDES: When the B.C.C.I came under attack in England and U.S.A., even then the B.C.C.I did the same thing as these people are doing today. These people said the same thing in their defence everywhere. The B.C.C.I is a satan for countries all over the world but a saint in India.

[English]

MR. CHAIRMAN: You have taken one hour.

SHRI GEORGE FERNANDES: Mr. Digvijaya Singh has finished his speech at quarter to 6 O'clock. He took one hour and 5 minutes without any interruption.

Half of my time was taken by the Congress Party.

[Translation]

Whatever Shri Digvijay singh said just now was on the basis of a newspaper clipping in respect of Syndicate Bank. I have

read both the items...(*Interruptions*) The syndicate Bank suffered a loss of about 200 million dollars due to the B.C.C.I... (*Interruptions*) It could be more or less but my estimate is 200 million dollars.

SHRI JAGDISH TYTLER: Good heading tomorrow.

SHRI GEORGE FERNANDES: The B.C.C.I. functioned as a Corporation bank in the Syndicate Bank. I have got the balance sheets of Syndicate Bank. This is the balance sheet of 1990-91.

[*English*]

SHRI DIGVIJAYA SINGH: What is it we are discussing?

SHRI GEORGE FERNANDES: I am raising the question of BCCI and Indian banks linkages. I do not remember the number of branches it has in India. It could be 900 or 1000. There was a time when Syndicate Bank was considered to be the best bank in the country. Shri T. A. Pai who happened to be the Minister of Railways, Industry and Petroleum in their Government nourished this bank from its early stage. It was a wonderful bank and was the fastest developing Bank in India but today it is on the threshold of bankruptcy.

[*English*]

SHRI MANMOHAN SINGH: Mr. Chairman, I think, I would urge you to restrain hon. Members, when they level such wild charges against the Indian banking system. Previous time, in his earlier intervention, Mr. Jaswant Singh made similar allegations against the financial institutions as well as against the Reserve Bank. I must submit to you, Sir, with all sincerity that these things can and will do irreparable damage to this country's financial reputation. That must be borne in mind by the hon. Members while levelling such wild charges. (*Interruptions*)

[*Translation*]

SHRI JAGDISH TYTLER: He has not pleaded for any thing for the Congress Party. (*Interruptions*) he has made this deservation keeping in view the interest of the country.

SHRI GEORGE FERNANDES: I can understand the anxiety of the hon. Finance Minister. He, while concluding his speech on the Finance Bill, commented on the condition of the Financial institutions of the country. I think he is very much worried about their condition, though there are a few who bother for such thing. I do not deny that all our Finance Ministers had been worried about the financial organisations. But I am not ready to accept that due consideration was given to the real condition of our Banks. Even if now discussion regarding their conditions is stopped, we would only allow the conditions to go from bad to worse. Even the Public Accounts Committee is not allowed to inspect the accounts of the Banks. The C.A.G. of the Defence can inspect the accounts of the Defence Ministry but Bankers are so super human...(*Interruptions*)

[*English*]

SHRI MANMOHAN SINGH: I do not know which particular transaction the hon. Member is referring to But according to the information that is available with me, there is no basis for this allegation. (*Interruptions*) I will also assure him and this country also that all these things will be investigated again.

(*Interruptions*)

MR. CHAIRMAN: I do not know whether he has got the right balance sheet or not. If he is quoting from the balance sheet of the bank, I cannot stop that.

[*Translation*]

SHRI RABIRAY (Kendrapara): Mr. Chairman, Sir, I was listening to the entire discussion. The hon. finance Minister has intervened twice during this discussion. Sir, I would like to know your opinion about that.

He, during his intervention, has remarked that the entire Indian Banking system has been adversely affected due to loan melas. Does he know that his such remarks may bring down the creditability of our Banking system in the world? He may not agree with the facts and dates given by Shri George Fernandes. For that, he may say only that he does not agree with him. (*Interruptions*)

[*English*]

MR. CHAIRMAN: I am sure he is taking serious note of what you say and he will give adequate reply.

(*Interruptions*)

MR. CHAIRMAN: Shri George Fernandes, I must now ask you to close your speech.

SHRI GEORGE FERNANDES: Nobody is letting me speak. Please allow me to speak for some time

MR. CHAIRMAN: In the Business Advisory Committee meeting you agreed to a three hours' discussion. I have no authority to extend the time. You have brought out such wonderful points. That is enough.

SHRI GEORGE FERNANDES: I have to bring out still more wonderful points. (*Interruptions*)

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI RANGARAJAN KUMARAMANGALAM): Mr. Chairman, Sir, actually this discussion was to begin at 1 o'Clock and end at 4 O'Clock as agreed and also according to the Business Advisory Committee's report which has been adopted by this House. We could not start the discussion on the Finance Bill at 11 O'Clock as originally planned because of certain important matters which the hon. Members raised then. Three hours have been fixed for this. We have started the debate at 4 O'Clock. We should finish it at 7 O'Clock. We have not other business also to be transacted...(*Interruptions*) I will explain

the position. If you do not go by that, then there is no meaning of having any meeting of the Business Advisory Committee; there is no meaning in arriving at any understanding whatsoever.

SHRI SOMNATH CHATTERJEE: What are you talking? I think the hon. Minister's intention is to close the debate now in 15 minutes' time.

SHRI RANGARAJAN KUMARA MANGALAM : I am not saying to close the debate. I did not say that.

SHRI SOMNATH CHATTERJEE: If that is his intention, let us go out. If you want to close the debate at 7 O'clock, why did not the Chair regulate the time? (*Interruptions*)

If you allow one Member to speak for one hour, the Chair should have regulated it. (*Interruptions*) And you say that BCCI should not be allowed to be discussed. (*Interruptions*)

SHRI MUKUL BALKRISHNA WASNIK (Buldana): You ask Shri Fernandes to conclude. (*Interruptions*)

MR. CHAIRMAN: I am inclined to agree with Shri Chatterjee. If three hours time was allotted, then it should have been regulated accordingly.

(*Interruptions*)

SHRI SOMNATH CHATTERJEE: Where was the Parliamentary Affairs Minister at that time? Where were you? (*Interruptions*)

MR. CHAIRMAN: Now I can only say that in order to retrieve the situation and save the time, Members should take not more than fifteen minutes time. Fernandesji, I request you to kindly finish your speech in five minutes time.

(*Interruptions*)

SHRI RANGARAJAN KUMARA MANGALAM: I do not say that you speak for five minutes, ten minutes or fifteen minutes.

But I think, it is necessary to know how much time a Member should speak. There was a long discussion, a meeting between the leaders of all the parties and the Business Advisory Committee together where business of the House was sorted out. It was decided that two other important matters - one on the Jammu and Kashmir and the other one on the Voluntary Deposit Scheme - should be completed today. It is after doing this exercise that we extended the sitting by one more day. With great difficulty, the Lok Sabha Secretariat accommodated us by one more day. Today whether you finish the business at 7 o'clock, or 8 o'clock or 9 o'clock is not the issue. The issue really is we must complete the work that we have on our agenda today. That is my view. (*Interruptions*)

MR. CHAIRMAN: There is no further discussion on this topic. Kindly sit down. I am not allowing any more discussion on this topic.

(*Interruptions*)

DR. LAXMINARAYAN PANDEYA: He has wrongly quoted.

MR. CHAIRMAN: Were you there in the BUSINESS ADVISORY COMMITTEE.

[*Translation*]

DR. LAXMINARAYAN PANDEYA: Yes Sir, that day, we had decided to hold this discussion from 1 to 4 o' Clock. Thereafter, the issue of Jammu-Kashmir was to be taken up which was to be concluded by 5.30 p.m...(*Interruptions*) Half an hour after that, the Voluntary Deposit scheme was to be taken up. There on we agreed to sit little more if it was necessary. That meant that we could sit half-an-hour more i.e. upto 6.30 p.m. We never meant that we might sit upto 9,10,11 or 12 pm. (*Interruptions*) Please listen to it fully. Since, the B.C.C.I. issue was taken up late, we may sit a little longer. Hence, it should be finished upto 7.30 p.m. Other business should not be taken today.

It is of no use. It was not agreed to by us to take all the business...(*Interruptions*)

[*Translation*]

SHRI RANGARAJAN KUMARA-MANGALAM: It is very bad.

[*English*]

In the morning two hours were spent raising matters during Zero Hour. It was the specific understanding among all the parties that it should not happen. That understanding was violated. By whom? I would not like to rope in anyone...(*Interruptions*)

MR. CHAIRMAN: I think, we are wasting the time like this. Now let us get on to work. I will request all sections of the House to cooperate with the Chair so that all this business is completed today. If you want to burn the mid-night oil, we are prepared to burn it. But kindly let us get on to the business.

(*Interruptions*)

[*Translations*]

SHRI RAM VILAS PASWAN (Rosera): Is there any arrangement for dinner today? What is its arrangement if we have to sit upto 12 'o' Clock. (*Interruptions*)

[*English*]

MR. CHAIRMAN: George Sahib, I know your trend of thought is broken a number of times. But I hope you will be able to complete your speech in five minutes because of your capabilities as an orator.

(*Interruptions*)

SHRI GEORGE FERNANDES: Only the time that has been allotted to me is being broken. (*Interruptions*)

[*Translation*]

Mr. Chairman, Sir, I would like to know

about the Syndicate Bank from the hon. Minister of Finance. In this context, I would like to put forth two things as it has been mentioned here. I have much praise for this Bank's past. The balance-sheet of that Bank for 31.3.91, perhaps was not seen the hon. Finance Minister. In it, there has been advance of Rs. 3,600 crores. There is overseas advance of Rs. 579,12,96,891 out of this total 3600 crore. In London, there is only one branch of this overseas bank, which is the operational centre between the B.C.C.I. and the branches of India.

[English]

One sixth of the advances of a nationalised bank, which is the corresponding bank of the BCCI, are in London.

According to Balance Sheet, notes forming part of the Account No. 20 - reconciliation of accounts in other banks, including foreign banks, agencies, and financial institutions are in arrears.

[Translation]

I would like to know about the details of the funds and its use. What relation is there between our Banks and ... (Interruptions)

SHRI JAGDISH TYTLER: with the B.C.C.I. (Interruptions)

SHRI GEORGE FERNANDES: I would like to know the relationship between the Syndicate Bank and B.C.C.I. from the hon. Minister of Finance... (Interruptions)

Mr. Chairman, Sir, the non. Member who delivered his speech prior to me charged that a corporate war was being discussed here. We would not like to go into details of all about that.

[English]

MR. CHAIRMAN: Shri Fernandes, you will never get to the end of this.

[Translation]

SHRIGEORGE FERNANDES: We shall not go into detail regarding that. I would like to say only this that the chairman of that company, you have just mentioned, met me yesterday and gave me these two documents.

[English]

One is a background note on NRI investments in Reliance Industries and the allegations pertaining to the year 1982-83.

[Translation]

You have seen how lengthy it is?

SHRIDIGVIJAY SINGH (Rajgarh): I have not got any.

[English]

I have no contacts with the BCCI.

MR. CHAIRMAN: Kindly do not interrupt.

[Translation]

SHRI GEORGE FERNANDES: This document contains the details of the three reports of their Enforcement Branch. It has been mentioned in it that Rs. 22 crores provided by the eleven companies of the Isle of Man was brought to India through the B.C.C.I. and the Syndicate Bank and I think the Middle East Bank played the roles of middlemen as in those days, no branch of the B.C.C.I. was operating in Bombay. The inquiry regarding all this was made. I would like to put here three things of that inquiry because other thing... (Interruptions)

[English]

SHRI DIGVIJAYA SINGH: Is it again from Shri Bhurelal's report.

[Translation]

SHRI GEORGE FERNANDES: It is the

report of your government. The last paragraph of the inquiry-report contains,

[*English*]

"Another point that needs to be carefully examined in details is the source of funds provided by BCCI, London and EAB Hamburg, through the Colombo branch for purchase of shares of Reliance, on behalf of Overseas firms. Enquires may disclose the real persons, who had given the letter of Comfort of personal guarantee to EAB of BCCI for the loan. If detailed enquiries are made with the BCCI, London, it may throw light as to how funds were received by BCCI, London for remittance to India for the above purpose and whom the interest/dividend and sale proceeds of debentures received from India on account of the overseas companies were actually disbursed. Such an enquiry may indicate the real persons, behind the transactions".

THE MINISTER OF PARLIAMEN-
TARY AFFAIRS (SHRI GHULAM NABI
AZAD): Sir, is the Hon. Member speaking on
behalf of the whole Opposition or on behalf
of the whole House? (*Interruptions*) There
are so many other Members who have to
speak. (*Interruptions*).

Are you yielding-the whole Opposi-
tion?

SHRI K.P. REDDAIAH YADAV: Yes.

SHRI GHULAM NABI AZAD: If the
whole Opposition is yielding, then it is all
right.. (*Interruptions*) I do not think that you
have been authorised by the House to say
so. (*Interruptions*)

SHRI K. P. REDDAIAH YADAV: You
are also not authorised by the House.. (*In-*

terruptions)

SHRI GHULAM NABI AZAD: Yes, I
am officially authorised. You are not offi-
cially authorised.. (*Interruptions*)

SHRI GEORGE FERNANDES: I want
to protest. . (*Interruptions*) I protest very
strongly.. (*Interruptions*)

SHRI GHULAM NABI AZAD: This
House should not become a monopoly of
one person.

SHRI GEORGE FERNANDES: Sir,
you should give me protection.

SHRI GHULAM NABI AZAD: We have
other Members of Parliament who are to
speak. The House should not become a
monopoly of an individual.. (*Interruptions*)
Yesterday, you spoke for 1 1/2 hours. To-
day, you also spoke.

(*Interruptions*)

MR. CHAIRMAN: No interruption
please. I would request Mr. George
Fernandes to wind up in another two; min-
utes' time.

(*Interruptions*)

MR. CHAIRMAN: Please don't
interrupt. (*Interruptions*)

MR. CHAIRMAN: The more you . (*Inter-*
rptions) interrupt, the longer he will take.
Mr. George Fernandes, kindly wind up in
another two minutes.

[*Translation*]

SHRI GEORGE FERNANDES: Mr.

Chairman, Sir our two minutes is counted as 20 minutes.

[English]

MR. CHAIRMAN: I know that there were interruptions.. (*Interruptions*)

[Translation]

SHRI MUKUL BALKRISHAN VASNIK: Please do not take his five minutes as fifty minutes.

MR. CHAIRMAN: Mr. George Fernandes, with such a senior Member like you, I feel embarrassed in checking you time and again. I would request you not to make my position embarrassing. You please conclude in two minutes.

SHRI GEORGE FERNANDES: Sir, I will not speak at all. (*Interruptions*) If that is your direction, then I will not speak.

(Interruptions)

MR. CHAIRMAN: You please conclude.

SHRI GEORGE FERNANDES: I am submitting that I am not speaking. (*Interruptions*)

SHRI GHULAM NABI AZAD: Sir, I would like to know how many minutes he has taken. The impression should not go that he was stopped.

MR. CHAIRMAN: Mr. George Fernandes started speaking at 1745 and it is now 1900. (*Interruption*)

MR. CHAIRMAN: I know that there were lot of interruptions.

SHRI GHULAM NABI AZAD: Out of three hours allotted, if one Member speaks for 1 hour and 15 minutes, I think, I am right in saying what I have said. (*Interruption*)

SHRI GEORGE FERNANDES: There is a limit to this kind of ** (*Interruption*) What do you mean that I have taken 1 1/2 hours.

(Interruptions)

MR. CHAIRMAN : The word ** will be expunged.

(Interruptions)

[Translation]

SHRI MADAN LAL KHURANA : As you have mentioned about the time of Shri George Fernandes. Please mention the same about Shri Digvijay Singh also.

[English]

MR. CHAIRMAN : I will tell you all timings. Kindly listen.

(Interruptions)

MR. CHAIRMAN: Please don't interrupt. Mr. Jaswant Singh started at 1600 and finished at 1700. Mr. Digvijaya Singh started at 1700 and finished at 1745 and Mr. George Fernandes started at 1745.

(Interruptions)

MR.. CHAIRMAN: I would request him to conclude in two minutes.

[English]

MR. CHAIRMAN: Mr. George Fernandes, come on.

** Expunged as ordered by the Chair.

SHRI GEORGE FERNANDES; No, Sir, I am not speaking.

SHRI SRIKANTA JENA: Sir, how many times the interruptions have come from the reasury benches? (*Interruptions*) If this is the attitude of the Chair and if he is dictated by the Parliamentary Affairs Minister, the new will withdraw, the entire party will withdraw from the debate. (*Interruptions*)

[*Translation*]

MR. CHAIRMAN; There is nothing like this.

[*English*]

I have been trying to regulate the debate with all the fairness at my command

(*Interruptions*)

MR. CHAIRMAN; Mr. Jena, kindly do not interrupt. Please sit down when I am on my feet.

(*Interruptions*)

SHRI SRIKANTA JENA; You control them also. Is this the way to conduct the House?

(*Interruptions*)

MR. CHAIRMAN; Honorable gentlemen, I have been trying to regulate the debate with all the fairness at my command. I agree that Mr. Fernandes was frequently interrupted.

[*Translation*]

MR. CHAIRMAN: Mr. Jena you speak I will sit-down.

(*Interruptions*)

[*English*]

MR. CHAIRMAN: If you insist, then you kindly speak. I will sit down. you carry on.

(*Interruptions*)

SHRI SRIKANTA JENA; Why are you not telling them not to interrupt? [*Interruptions*]

(*Interruptions*)

[*Translation*]

SHRI ASHOKANANDRAO DESHMUKH (Parbhan): Mr. Chairman, Sir, there were much interruptions so we may be given a little more time.

MR. CHAIRMAN: I am admitting this. I am saying.

[*English*]

That Mr. Fernandes was frequently interrupted. But it is my judgment also that in spite of interruptions, Mr. Fernandes has taken almost 45 minutes. And I think that is more than any Member's share in the house.

(*Interruptions*)

MR. CHAIRMAN : I will request Mr. George Fernandes once again.....

(*Interruptions*)

[*Translation*]

You are waiship time un interrupting the speech.

[*English*]

Therefore, I will request Mr. George Fernandes once again not to take umbrage at any ruling given by the Chair and kindly conclude his debate in two minutes time. That is all my request

(*Interruptions*)

[*Translation*]

SHRI GEORGE FERNANDES : Mr. Chairman, Sir, I regret that you had to say so many things. We know that you conduct the House very well. You adopt a non-partain attitude towards everyone while you are in

[Sh. George Fernandes]

this Chair. so please do not think that I have any against you on your decision. There is no such thing.

MR. CHAIRMAN : Thank you

(Interruptions)

SHRI GEORGE FERNANDES : I could not speak because of the interruptions. Thereafter, when I was asked to conclude within two minutes only, which was not possible, so I took my seat.

Mr. Chairman, Sir, I would like to conclude after making two main points.

Mr. Chairman, Sir, I would like to know from the Hon. Minister that there are three reports of the inquiry conducted by the Department of Enforcement in 1986 and in the last report, it was suggested that an inquiry against the persons mentioned in that report should be held under the Foreign Exchange Regulation Act. I can give you the names of these persons in writing or if you permit me, I can read their names here. It had been suggested that they must be interrogated immediately.

[English]

List of suspected persons in India and abroad involved in purchase of 'Reliance Shares' by the non-Resident Indian Companies of Isle of man.

[Translation]

It was suggested that those persons must be interrogated. I do not want to waste time in reading their names. *(Interruptions)*

AN HON. MEMBER: Please read their names.

SHRI GEORGE FERNANDES: Here is their names:-

[English]

1. Mr. Dhirubhai Ambani,

Chairman and Managing Director of Reliance Industries Ltd.

2. Mr. Vinod Ambani.
Company Secretary of Reliance Industries Ltd.
3. Mr. C.H. Chowksi,
One of the Directors of Prabhat Fabrics Private Ltd. Stallion Private Ltd.
-a close friend of Mr. Dhirubhai Ambani of Reliance Industries Ltd.
4. Mr. Pankaj Ishwarlal kapadia
Share Broker
5. Mr. D. Chaturvedi, Chartered Accountant
7. Share holders of Companies of Isle of Man, i.e.,
 - i) Mr. Krishnakant Shah and his family members of UK
 - ii) Mr. U.C. Khamani of Djbouti
 - iii) Mr. Praful Shah of USA
8. Mr. P.S.W. Henwood,
Constituted attorney of Overseas Companies of Isle of Man.

[Translation]

Was it decided to conduct an inquiry against them and serve a notice to them under foreign Exchange Regulation Act, because the money was taken out of the country by Reliance and brought through 'Padiyar' through B.C.C.I. in the country. After alleging all these it was decided to conduct an inquiry. Has the inquiry been conducted? If so, the facts thereof? What action has taken or proposed to be taken by the Government in this regard? This is one of my questions.

My second question is not to spare Corporate take-over as I have asked in My amendment. I don't want to conceal that Larsen and Tourbo are working for our

Nuclear plants. Ambani Company had taken over Larsen and Tourbo three and a half years back. The financial institutions run by the Government of India, Life Insurance Corporation rusticated the elected member of Ambani family by convening the very first and special meeting of the company. Why they were rusticated? was there any reason? Has that reason been removed now? Secondly, I shall not explain the works done by L & T for the defense department of India and in other fields particularly in the field of atomic power, as it is considered to be top secret. But the hon. Finance Minister knows it. If he desires, we can disclose that. Would you like to hand over this company in the hands of such high officials of the Reliance, and to its owner, Shri Padiyar, who was directly linked with smuggling out the money from foreign countries and who was transacting the business of B.C.C.I. from London.. You are yourself coming to the point and I shall not quote Indian Express of today. But is it not true.....(Interruptions)

[English]

SHRI ANBARASU ERA: Sir, he is using the forum for wrong purposes. This is not the way to discuss things. Why should they use this forum for fighting the wars of Nusli Wadia and Ambani? I object to this.

[Translation]

SHRI GEORGE FERNANDES : What were the grounds on which L.I.C. had given a notice to postpone the meeting of the Company scheduled for 26th August. I will conclude after asking my last question. Is it not a fact that L.I.C. had given a notice to postpone the meeting to some other date so that the inquiry on proxies could be completed which would not be done earlier for lack of time. Had L.I.C. not written this letter on 26th August and the meeting was postponed. Thereafter, when the meeting was scheduled to be held on 16th August, had L.I.C. not written to the Company that they could not have the time to conduct the inquiry? Mr. Speaker, Sir, Whether the Secretary of the Company had not informed

L.I.C. in writing that they had no time to check all these proxies as the meeting has since been fixed for 16th and for lack of full arrangements they will not allow them to conduct an inquiry. Mr. Speaker, Sir, I want to present before the House the copies of the documents submitted to the Bombay High Court. Why the money of L.I.C. and Indian Banks is being smuggled out with the connivance of foreign banks and smugglers? I have been the Union Minister of Industry. Mr. Digvijay Singh, perhaps you do not know that the company was black listed by me in the capacity of being a Minister of Industry. One sentence of the owner of the company made me to black list it and that sentence was, [English] Any politician is purchasable as long as you are prepared to pay the right price." only on this one sentence I black listed it just to tell him that there were politicians who did not have a price."

[Translation]

An affidavit has been filed in Bombay High Court today [interruptions] The former Chairman of Larsen and Toubro has complained in writing that it is being tried to take over the company by forging his signature and as well as the signature of his family members. I want to lay on the table of the House duly authenticated by me. The forgery which is going on and according to which the business of the company is being transacted I do not want the Government of India to link itself with any of its acts. The hon. Finance Minister Should reply to all the questions. I conclude my speech with these words.

[English]

SHRI SOMNATH CHATTERJEE: Sir, if you object to my taking long time, please ask them not to interrupt me.

SHRI ANBARASU ERA; Do not be the spokesman of Nusli Wadia.

SHRI SOMNATH CHATTERJEE: If I am a spokesman of Ambani, you will be very happy. Sir, I do not wish to be a spokesman of anyone. I can understand....[Interruptions]

Sir, I can understand their nervousness. And, if the Finance Minister does not misunderstand me, I am not making any personal reference to anybody, I am not reminded of a saying, 'Chor Ka Dari Mein Tinka'. No, reference to you, Sir.

MR. CHAIRMAN: There are two or three dariwalas. Whom you are referring to?

SHRI SOMNATH CHATTERJEE: All dariwalas are excluded but not half dariwalas.

SHRI GULAM NABI AZAD: Somnath Ji, it is 'Ki' and not 'Ka'.

SHRI SOMNATH CHATTERJEE: then, it is his mistake because he prompted it wrongly.

SHRI DIGVIJAYA SINGH: That is our complaint, Sir. You always listen to wrong friends.

SHRI SOMNATH CHATTERJEE: Anyway, Sir, Because I have to use it often for them, I will say it correctly.

Mr. Speaker, Sir, this is a very serious matter. I had thought that it would be discussed in a manner which would help in removing distortion from our banking system. That was the real approach, I should have thought to be taken in this matter. I am sure, nobody on that side, in spite of what they feel they cannot openly say that BCCI is not a good bank.

SHRI JAGDISH TYTLER: It is a not a good bank. We all agree.

SHRI SOMNATH CHATTERJEE: I have got the ministerial affirmation. It is a bad bank. Now, Sir, the question is that such revelations about its activity; not only in India but outside India also, have come out in Journals. Magazines which are of international repute - especially the ones acceptable to my friends sitting on that side like The Times, News Week of U.S.A., Economies of London, they are all bibles to them and they are being circulated all over the world that

this is a bank which has been indulging in bribery, corruption, drug trafficking, money laundering. A branch of this very bank is now being operated in India. So far as the United States is concerned, there is an investigation going on. Kindly see the seriousness of it. Even it is said by Senator John Kerry - I am quoting from Sunday that in India money laundering rackets involving the BCCI and aids to assassinate Indian Leader Rajiv Gandhi are now under investigation. This was said by a Senator of the United States who is investigating into the BCCI's activities. Their allegation is that even they are connected with Rajiv Gandhi's assassination. Are you not concerned with it? Is the country not concerned with it? I am also concerned with it. It is a tragedy which has befallen. I this country. If this is the activity of this Bank, what should be the approach? why should the country get an impression that the Government is trying to stop and stonewall any investigation into the matter? therefore, I am requesting this You are not helping either the banking system in this country or your credibility before the public by giving an impression that this is a holy cow which cannot be touched.

Today, distinction is made by Shri Digvijaya Singh. He is a very amiable person but he has been wrongly briefed. He says: "No, the Bombay Branch is very good, although its parentage is bad, its association is bad, the persons who are managing the main BCCI are bad, Therefore no inquiry can be held against it." We have got a very important information from a very very important source. Kindly allow me to read this. I would be as brief as possible. I have got umpteen number of materials. The Economist of London described this Bank as haunt not only just for fraudsters, but for drug runners money launderers, terrorists, spies and politicians." This is not even an Indian description. The Economist of London says this and nobody can dispute its status. Mr. Jaswant Singh has quoted from another issue and I am quoting this from the Time magazine of 1st April, 1991 which says:

"Nothing in the history of modern financial scandals rivals the unfolding saga of the

Bank of Credit and Commerce International. The twenty billion dollar rogue empire, the regulators in 62 countries shut down early this month in a stunning global sweep, never has a single scandal involved so much money, so many nations or so many prominent people."

There are many other passages worth quoting but I am not doing it. It has been published in the Economist that even the foreign intelligence agencies in England have been utilising BCCI. I has come out that CIA is absolutely involved in its operations. [Interruptions] Mr. Digvijaya Singh, very rightly agrees with me. I am thank full to him. It helps me in not elaborating further.

The main charges against BCCI includes defrauding depositors, giving out dubious loans to select customers, acting as conduit for terrorist activities and CIA operations and have convenient bank for corrupt rulers of Third world to salt away their illegal wealth. There is a long list of accusations of bribery of the central banks of different countries political authorities in various countries and acting as brokers in various shady deals.

News week says: "CIA's Director of Operations had its own informants working inside the Bank. The CIA had intimate knowledge of BCCI's alleged dealings with terrorists, drug dealers and corrupt Government officials all over the world.."

".....BCCI was aggressively targeted as a golden of intelligence on a wide varieties of illicit activities."

An inquiry is going on in America, an inquiry is now going on in England, but on inquiry in India will ever be allowed, this we cannot understand.

Our most respected Finance Minister has been trying to secure a political debating point by saying, well the Janata Party Government allowed it first to come in. Very well. Let us assume that they should not have done it. It was very wrong of them

to do it; and I am sure, probably, that was one of the reasons why the people had given their verdict against them, if that is so, what will be the attitude of your Government, Mr. Finance Minister now?

Now, whatever permission has been given, I accept it because I have no information to the contrary that only the then Government under Mr. V. P. Singh permitted a regular branch to be opened, if I have understood correctly. But, actually, what was opened was a representative office with no permission or they were not carrying out banking business; it is an admitted position. That was in 1979. What appeared in 1980 people came to know. I am requesting the hon. Finance Minister to kindly remove our doubts and very strong suspicions in the matter. I am again, with your kind permission, quoting from Time magazine. On page 20, it reads as follows:

"The soviet invasion of Afghanistan in 1979 and the resulting strategic importance of neighboring Pakistan accelerated the growth of B.C.C.I.'s geopolitical power. and its unbridled use of the black network. Because the U.S. wanted to supply the mujahedin rebels in Afghanistan with Stinger missiles and other military hardware; it needed the full cooperation of Pakistan. By the mid-1980s, the CIA's Islamabad operation was one of the largest U.S. intelligence stations in the world. "If B.C.C.I. is such an embarrassment to the U.S. that forthright investigations are not being pursued, it has a lot to do with the blind eye the U.S. turned to the heroin trafficking in Pakistan," says a U.S. Intelligence officer.

In USA, an objection is being taken by a Senator, by an intelligence officer that the USA investigating agencies are going slow. Why? They are going slow because CIA has been involved in this. BCCI. Therefore, not only they are going slow, but the Senators are at their throat, other investigating agencies are at their throat. Now the Government is feeling a pressure; now the public opinions are also there. Therefore, they have to investigate, continue the investigation of

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this BCCI in the USA although CIA's connection is coming out.

Similarly, in England also, because of the involvement of secret Service The investigations are being delayed by the Bank of England, that is a grievance. the Bank of England which is entrusted with the management and supervision of all the banking institutions in that country, why they have been going slow? Why have they not discovered all these illegal activities, criminal activities? It has been described as a 'Cocaine Bank' because of its large scale dealing in drugs; it has been described as one of the biggest criminal enterprises in the world. These are not my words; these words are used by it, I take it; it is a magazine of people generally, who have the credibility in the whole world about their objective assessment of the situation. In 1980, if these things had come out, then we would not have face this situation. now, it has been almost established; I am using the word 'almost', because I have no proof except what has come out that BCCI has a definite role vis a vis funding the terrorist who have been smuggling arms into Pakistan which are being used in Punjab, Kashmir and other places. We are fighting with so much concern rightly in this country about terrorism; the whole country is now concerned about terrorism. Secessionism and terrorism, they are eating into the vitals of our country. We cannot hold elections in parts of our country although we want very much to do so. That is happening. Innocent people are being murdered innocent people are being kidnapped. What is happening in the country? I need not remind the hon. Members here. Everyone is highly concerned. I have no doubt about it. In such activities BCCI's hands are seen. Therefore, should we not be extremely cautious, extremely careful and should we not revamp our intelligence activities, particularly our economic intelligence activities, to find out what has really been happening?

In that context when we find that a new Branch was permitted to come up in 1983, certainly certain questions arise which I

request the hon. Finance Minister to answer, because, the files are not with us. What prompted the Government to do it, I do not know the reasons. I do not know if the hon. Finance Minister would be gracious enough to disclose to us what prompted the then Government to do it, I do not know the reasons. I do not know the reasons. I do not know if the hon. Finance Minister would be gracious enough to disclose to us what prompted the then government in 1983 to give the permission.

MR. CHAIRMAN: This is in 1984. I thought that the hon. Finance Minister in his statement said that the file was taken to Chowdhary Charan Singh. That must be earlier.

SHRISOMNATHCHATTERJEE: that was in 1979, when they only opened— you are right—only a representative office. This is also in the statement of the Finance Minister, when he said, I read for your kind information:

"However, the BCCI was permitted by the Reserve Bank of India to open only a representative office in June 1977, permitted by the Reserve Bank. Representative offices are not promoted to do banking business, but function only as liaison offices."

This is his statement. I am reading his statement. Therefore, they were not permitted to open a branch. The Bank was not permitted to open a branch. BCCI, however, pursued its desire for establishing branches in India. The reserve Bank of India issued license in February 1983 for opening of one branch in Bombay and it commenced operations with effect from the 31st March 1983.

I have some questions to be put, because I do not want to test the patience of the hon. Members in spite of their response now, though temporarily.

SHRIJAGDISH TYTLER: We are appreciating you.

SHRISOMNATHCHATTERJEE: Thank you. Sir, I have no access to files. But as I

said, I have no access to the records. The hon. Finance Minister is one of the distinguished sons of India, we are very happy, he has occupied very high positions in this country. He was the Reserve Bank Governor, a very high post. He is now our Finance Minister. We are Very happy.

SHRI SAIFUDDIN CHOUDHURY (Katwa): Why?

SHRI SOMNATH CHATTERJEE: He is an honest man at least. I am happy because he has not so far been polluted to the extent that he should not be there.

SHRI NIRMAL KANTI CHATTERJEE: Because, with good intentions, he would lead us to hell.

SHRI JAGDISH TYTLER: But those who have been polluted by our party, you have accepted as leaders. [Interruptions]

SHRI SOMNATH CHATTERJEE: I am asking the Finance Minister to correct me if I am wrong, because my information may be wrong.

I am told that there is a file in the Finance Ministry or the Banking division, wherever it is, it is there since 1983. The then Additional Secretary, Banking, the name is not here, I do not know, had recommended granting of a license for opening two branches. But before he gave that recommendation the Reserve Bank was not consulted. That is my information. And then the governor of the Reserve Bank of India, the most distinguished Dr. Manmohan Singh, he had strongly, according to my information, he had objected to that and sent a protest note when this proposal came to issue permission for opening of the branch.

Then, the file went to the then Finance Secretary, now Chairman, Banking Reforms Committee, Who favored in favor of BCCI.

THE MINISTER OF STATE OF THE MINISTRY OF POWER AND NON CONVENTIONAL ENERGY SOURCES (SHRI

KALP NATH RAI): Who is this man?

SHRI SOMNATH CHATTERJEE: Sir, in response to the query of distinguished Cabinet Minister, I give his name- Shri M.M. Narasimham. Sir, I am not making any allegations.

Sir, I thought the Reserve Bank Governor should have the last word in the matter of opening of branches because opening of a bank is the prerogative of the Reserve Bank. Under the Banking Regulation Act, Sir, you are aware that the Reserve Bank of India has been given specially this role and nobody can arrogate this power. But the then Finance Minister very happily accepted the recommendation of the then Finance Secretary. And now whether it is promotion or demotion, I do not know, before his sojourn to the Planning Commission, in 1983 he had very happily permitted the branch to be opened. Sir, this is very serious. Kindly correct me if I am wrong. And I am sure, after you have come, the files have not been changed. If the files have been changed earlier, I do not know.

Sir, the point is this. There was proposal to take away from the Reserve Bank of India, its power to decide upon the issue of licenses to banks for opening its branches because they were standing in the way of the BCCI opening its branch. But fortunately, they did not go to that extent. The Finance Minister intervened, gave a clearance to the BCCI and the BCCI opened its branch. Sir, no good work goes unrewarded in this country.

Sir I have not to that much information as Mr. Fernandes has and he must be having contacts still with the Ministry. I have not been there.

Is it correct that the son of an Income-tax Officer who was dealing with the BCCI, is an Officer in that bank? Is it correct that the son of an Officer of Law is an Officer in that bank? Is it correct that the son of a former Secretary in the then PM's Office is an Officer in that bank? Too much connections,

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it seems. Is it correct that the brother of a senior officer in the Banking Department, Finance Ministry, is now an Officer in that bank and the other brother, who is an Officer, was handling the BCCI file himself...*Interruptions.*

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI RANGARAJAN KUMARAMANGALAM): No daughter-in-law?

SHRI SOMNATH CHATTERJEE: May be there. If you allow me to quote, we shall find it out.

MR. CHAIRMAN: Are these questions leading questions?

SHRI SOMNATH CHATTERJEE: Sir, the leading questions are permitted in Parliament because there is an attempt to stifle.

Is it correct - the Finance Minister can correct me if I am wrong - that a loan of Rs. 1 lakh pounds through BCCI's Commercial Street branch in London was given to a firm, whose proprietor is the son of a high official in the Banking Department, Ministry of Finance?

Are you not feeling disturbed if any of them is true? If any one of my information is correct, does it not disturb you?

Now I would like to refer to the magazine, Sunday dated 25-31st August.....*[Interruptions]* Sir, this magazine is not my supporter. Shri Sontosh Mohan Dev will be kind enough to admit that. He knows it very well because he plants all sorts of things against us.....*[Interruptions]* Sir, he accepts whatever it is written in Sunday. That is what it says;.....*[Interruptions]*

SHRI RANGARAJAN KUMAR MANGALAM: Who planted this?

SHRI SOMNATH CHATTERJEE:

Maybe, I do not know who is his detractors. Up-till now, I have some information. I will tell you secretly as to who is working against you in your new Party. I will tell you later on. Be careful.

Sir, I am quoting from the SUNDAY magazine (25-31 August, 1991 issue) :

"SUNDAY learns that the Research and Analyses Wing (RAW) had - at least from 1975 onwards - consistently opposed the idea of allowing the BCCI to operate in India. Time and again, the Agency had advised the Cabinet Secretary and high-ranking politicians not to let the bank in. The intelligence agency's advised was based on evidence that the then Pakistani owned BCCI was engaged in secretly funding the country's nuclear programme".

We are financing the Pakistan's nuclear programme! If RAW had been informing the Government officials, the Cabinet Secretary, how come that this Bank was allowed to open its branch here?

What is the position of this Bank for the period from 1983 to 1991? It has got the total deposits of Rs. 380.93 crores and N.R.I. deposits of Rs. 225 crores. In just eight years' performance, I wonder, why so many people are making a beeline for the BCCI? There are so many nationalised banks in Bombay. There are so many - obviously well-known, internationally acclaimed - foreign banks. Why is it that the people are making a beeline for this Bank?

SHRI RANGARAJAN KUMAR MANGALAM: An uncle telling a nephew to keep his immoral activities secret!

SHRI SOMNATH CHATTERJEE: If you make such comments, I will become suspicious of you.

Sir, it has been said that all the big business houses - they are not individuals; I cannot mention their names - Apollo Tyres, Modern Sulting, Ballarpur Cements, Godrej,

Crompton Graves etc. have all got advances of about Rs. 6-8 crores each. I am not making any accusatory reference to the Syndicate Bank, although we deeply miss our late lamented Shri Pal who was one of our colleagues here and who was a very brilliant person; after his death this Syndicate Bank has been facing problems. It is said that the Syndicate Bank has a deposit of Rs. 80 crores with the BCCI. I would like to know whether it is correct or not. Why should a nationalised bank like Syndicate Bank deposit Rs. 80 crores with BCCI? Is it correct or not? Please tell us. If it not correct, then say so, so that the people will know that wrong information is being circulated in this country.

I have not found, subject to correction by my hon. friends, any denial of the serious charges made in Indian journals like India Today, Sunday, Front-line and foreign magazines like Time, News week, Economist etc.

AN HON. MEMBER: And Indian Express.

SHRI SOMNATH CHATTERJEE: Well, about Indian Express - where is Shri Digvijaya Singh? I am leaving out Indian Express although it has made a very disquieting disclosure today. Because of the shortage of time, I am not referring to that. But there are very very disquieting reports. Please do not close your eyes on that. If there is no denial from you of these reports, then what will the people of this country see and feel? They may feel that they are correct, and that you have got nothing to say in it. Not a single press note was issued. In the Sunday magazine of 25-31 August, 91 issue, it has been stated that RAW has been warning the Government from 1975. You have not issued any rejoinder. Where is the denial when they have said that intelligence agencies found certain things about the attempted investment in Lucknow and other places? Until the hon. Minister made a statement there is no information. It creates a little difficulty so far as I am concerned.

I do not wish to take further time of this House. I only wish to submit that about this

BCCI, with which concern the C.I.A. network almost appears to be established and the British Secret service is connected with it, it needs to be looked into. Investigation is going on in those countries and there are reports, and I think there is good basis that, the BCCI, was involved in Iran Contra scandal, was a conduit for the performance of the contract in Nicaragua, BCCI with its origin in Pakistan and strong base there was closely linked with late President Zia who himself was found to be the beneficiary of the CIA. So far as the Indian operations are concerned, naturally we are more concerned with its Indian operations, I have referred to whatever information I have got, I mean, in a sense dubious method in which permission to open a branch was given, how its operations are being carried on, how the Indian big business is making a beeline for this, why they are investing so much in that, why nationalised banks are investing money in that, for what special benefit that is being given? Well, Mr. Kumaramangalam said, "my nephew said, 'yes, better service' " What is this service? This is the catch. In the name of 'better service' I am sure that he was not as guest of BCCI in Bombay or even during one of his sojourns abroad until I am sure you were not.

SHRI RANGARAJAN KUMARA MANGALAM: Services have many meanings.

SHRI SOMNATH CHATTERJEE: Very good, services have many many meanings. Therefore, services which appear in the record, I can understand, but whereas more important are those services which are rendered without record. [Interruptions]. Jagdish agrees. Thank you. He is in Surface Transport. So, he knows what is on surface and what is underground:

SHRI JAGDISH TYTLER: I am not Minister Mines. I am still on the surface and in the air;

SHRI SOMNATH CHATTERJEE: Are you hankering for the Mines Department?

Therefore, Sir, we are also very much concerned because our security questions

are involved. In spite of your great admiration for the market economy, Mr. finance Minister, you will not permit CIA to have a field day in our country, I have no doubt about it, nor even the British Secret Service to have a field day here, to operate from the Indian soil.

AN HON. MEMBER: Not even KGB. *[Interruptions]*

SHRI SOMNATH CHATTERJEE: KGB you are gloating now. You will understand what is the effect of absence of KGB when CIA will rule you completely. Therefore, Sir, this penetration of CIA and the collusion of corrupt Third World regimes in furthering imperialist aims and getting personal benefits by dealing in illegal arms transactions, illegal drug transactions and, Sir, in such a situation are we not also concerned that our security may not be affected, that we have no problems about our security? Even Members of Parliament have no easy access to the Parliament House. We have been stopped, Members of Parliament are being harassed because of security perceptions in this country. Are we not concerned? Sir, it is not that I am saying on behalf of my Party, not single new thing I have said because I have no source of information, I can only get information which some have given me in my letter box, some information which is given in the usual method you know, Balramji also knows this, he must be knowing this. What else is there? The only thing is, it is my deficiency that I have no contact in his Ministry. I accept that charge of deficiency, that I have not been able to get information from his Ministry. Therefore, I am saying that this matter has very serious implications from the point of view of our economic independence and our economic credibility, our economic fairness and economic acceptability and also it has got security implications for our country. Therefore, we must, at all costs, stop the penetration of intelligence agencies of foreign countries into the upper echelons of our Indian establishments and so, sir, now it has encouraged imperialist powers as Mr. Nirmal Chatterjee says, now is only super power. Now, everybody

is gloating over their success. You are gloating over the dismemberment of Soviet Russia. But please do not forget that only the Communist Soviet Russia has been our consistent friend.

SHRI RANGARAJAN KUMARA MANGALAM: We are not gloating.

SHRI SOMNATH CHATTERJEE: Alright. Then, it is very good. But I hope you would accept this position that it is only the Communist Soviet Russia has been your friend and has never let you down.

SHRI RANGARAJAN KUMARA MANGALAM: Even the present Russia is friendly towards us.

SHRI SOMNATH CHATTERJEE: You hope so. Let us see what happens. They have been your steadfast friend in this country. Your friend Mr. Bush's country has repeatedly gone against you and it is the Soviet Russia which stood by you both politically and economically.

Sir, in the early days of our country after independence, when Pandit Jawaharalal Nehru was dreaming of new temples, of new mosques in the form of big factories, that was the time when your American friends did not come, your German friends did not come and only the Soviet Russia which had come to your help and for that matter, the communists Soviet Russia. Therefore, with the increase of power of the United States, the imperial designs are not kept secret. Now, they are dictating to every country in this world. Can it be believed that the American Government does not know about the activities of CIA in relation to BCCI? Is it possible to believe? therefore, have we not got to be extremely careful and cautious? You have to find out its nexus with the BCCI and do not treat the BCCI, Bombay, as a separate entity. It has been used for the purpose of money laundering and also for the purpose of drug trafficking. For the time being, according to the reports that are available, they have larger assets than liabilities in India. I am told their General

Manager's house was searched recently and some incriminating documents were found out. I am also told, subject to correction, that all the documents and the confidential letters, which were found on Income Tax raid have now been returned back to him.

Sir, the Finance Minister has made a very long statement. But I am very sorry to say, it was almost a cover-up operation of BCCI's Bombay Branch. I think, you know the phrase, 'suppressio veri, suggestio falsi'. At least my nephew knows it. That is precisely that has happened. I am told the gentleman who was asked to prepare it overnight, felt very unhappy and in the early morning when he finished writing, he wrote something totally false.

SHRI MANMOHAN SINGH: There is nothing false in it.

SHRI SOMNATH CHATTERJEE: So, everything is correct; very well. Many facts were not brought out. The statement of Finance Minister says:

" BCCI was involved in controversy in 1986 when investigation by Enforcement Directorate revealed that the bank was releasing foreign exchange against the Foreign Travel Scheme to travel Agents without verifying the signatures of the actual travelers, with the result that a substantial amount of foreign exchange was released on the strength of the forms bearing forged and fake signatures."

I do not know where Mr. Digvijaya Singh has gone; I think he is feeling hungry. He said, large number of passports came suddenly and it could not be dealt with. Therefore they were given and there is nothing wrong in it. Now, the Finance Minister's statement says that those forms were bearing forged and fake signatures. Therefore, you are permitting in the hurry payment of foreign exchange on the basis of forged and fake signatures! what happened? Some persons were arrested. I am not going into what Mr. George Fernandes has said that at

somebody's instance, he was released. That point has already been made very forcefully by him.

SHRI MANI SHANKAR AIYAR: It has been expunged also.

SHRI SOMNATH CHATTERJEE: I hope only the name has been expunged. The question of release, you have not omitted from the record.

I do not wish to repeat what he has said. I endorse these things. Subsequently four of them were released on the recommendations of the Advisory Board that heard the cases as provided in the COFEPOSA Act. When the four persons were released, the big fish was also released, subsequently by the Government, Mr. Murari. His photograph had come out in the India Today.

Kindly see what has happened. However, the case was adjudicated by Order dated 20.6.1988 imposing a penalty on the bank, its employees as well as travel agents and ordering confiscation of the seized exchange of US \$ 1,32,000 as well as the Indian currency of Rs. 17,00,057 taken are from the bank. The Enforcement Directorate investigated the matter relating to irregular release of foreign exchange against Foreign Travel Scheme and the Directorate was not in possession of any evidence regarding use of such money for buying arms. This is what the statement says. Therefore, there was some complaint. I would like to know who made that complaint in 1986. Why was the Directorate trying to find out whether this money was utilised for buying arms? This is from the statement of the Finance Minister. I would like to know from the Finance Minister who made that charge, or complaint that they were buying arms. They say, the directorate did not get any evidence. But who made the allegation? Why did you investigate into this charge? The Reserve Bank of India also deputed a special investigation team in January, 1987 to look into the matter and find out whether the seriousness of the license of the bank. Why suddenly in 1987 there was a necessity

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to look into the matter and to find out whether the seriousness of the irregularities justified demands for cancellation of the license of the Bank. The inspection revealed that there were mainly procedural irregularities in foreign exchange operations and conduct of the bank in certain areas. Those fake and forged signatures are treated as money procedural irregularities. It is further stated "Such irregularities had also been observed in the case of other authorised dealers in India." Everybody is indulging in payment of foreign exchange on the basis of fake and forged signatures. Therefore, BCCI is doing, what is wrong in that? It is said; "This is merely procedural irregularity." This is the trouble with the lawyer. We read the sentence very carefully. It is further said: "This did not warrant revoking of license."

MR. CHAIRMAN: Can you kindly wind up now please?

SHRI SOMNATH CHATTERJEE: I am trying to stop winding up of the country.

Therefore, I am saying, this is the Government's own statement. He has referred about the information available from the intelligence agency, Reserve Bank of India.

Only one more paragraph from his statement I will read. "As regards the points raised in this House in respect of reports alleging payments to Indian politicians and bureaucrats and financing of terrorist organisations by the BCCI (Overseas) Ltd., Bombay Branch, from the information available from the intelligence agencies and the Reserve Bank of India, there is no indication of specific instances or any definite information of that nature." This is precisely the reason why we want an investigation. Who has done this investigation, MR. Finance Minister? Has this investigation been done by your officers in the Reserve Bank? Will it be to their interest to disclose the facts? At what level the inquiry has been made by the intelligence agencies? I would like to know who has made this inquiry. Where are the

reports? Will you share them with the House if they are in favour of the BCCI? If nothing against the country's interest has been found out, then share it with us and let us see those things. Do you not trust the Members of Parliament? You trust the intelligence agencies; you trust the Reserve Bank of India officers who will be involved in it if the allegations are true. You accept their report. But you do not trust the Members of Parliament. The point is that Shri Manmohan Singh did not leave it at that because he must have really worked in those establishments. Something may be there. Therefore what he says is:

"Government is fully alert about this aspect of the matter...?"

Therefore, through this one can get out if something is found out later on. He says:

"I have made the above statement on the basis of information available at present. In case further information becomes available, Government will take appropriate action."

What is treated to be relevant information, who gives it to the Finance Minister from the Government? Who gives that information to you? We are giving this information to you on the basis of reports from respected, known, responsible publications and institutions. Almost some of them have become institutions themselves. Whether we like it or not, the Time magazine, the News week, the Economist have become institutions in their respective countries. We must accept that. Therefore, I think Shri Jaswant Singh has done a great duty to the nation by bringing in this Motion and asking for an appropriate, proper in-depth inquiry. I would like to say that could be no better and more acceptable inquiry than by the authority of Parliament through the means of a Joint Parliamentary Committee. I believe nobody will deny that fact.

[Translation]

SHRI V.N. SHARMA (Hamirpur): Mr.

Chairman, Sir, I have a very brief point of order. This is the first session of Tenth Lok Sabha and the speech of Shri George was interrupted a lot earlier. Whatever we speak in the House, it is published in brief and details are reported verbatim. Therefore, it would be better if you see for yourself how much Shri George and others spoke and how much time was allotted to each of them.

[English]

MR. CHAIRMAN: There is no point of order. Please sit down.

SHRI VIJAY NAVAL PATIL (Erandol): Mr. Chairman, Sir, at the outset I would like to say that a man of imagination, intelligence and craft Shri Agha Hasan Abedi, originally from India, born in India specially in the State of Bihar from where Shri Ram Vilas Paswan comes and even where Shri George Fernandes contested and won elections, he started a bank apparently for a good purpose. It was started as far back as 1972. But the Branch was opened in India in 1983. We have to go a little deep into the history and see that way back in 1976 branches were opened 10,000 miles away in the United States of Americas also. This bank is operating 350 Branches in 70 countries. India is the neighboring country to Pakistan. This bank is dominated by Pakistan and it is called the Third World Bank. When it was having branches in 70 countries comprising 350 branches it was not found to be bad or we cannot attribute any ulterior motives when the branch was opened in India in 1983.

20.00 hrs.

Shri Jaswant Singh and Shri George Fernandes are trying to make political allegation on account of opening of a branch of BCCI in 1983 in India. It appears that they do not have more interest in the amount of the depositors which is held up in the bank because of the dispute that has started.

In 1980, this Bank had acquired geo-

graphical importance specially in the third world countries and country like Jamaica could tell the IMF that they were not taking loan from the IMF because of the advancing of loans of 48 million dollars from the BCCI to Jamaica. The same thing happened with Peru. While dealing with the Arab countries, Pakistan is our neighbor. BCCI is having 350 branches. It was but natural that they should have been allowed to open at least one branch in India in spite of the many reservations expressed by our experts. We also should study the subsequent happenings about this Bank. This Bank wanted to open branches in Lucknow to start the real estate business. But it was not allowed by the Congress Government. This shows that the Congress Government was not having any bad motives in allowing the branch to be opened in the first instance.

Shri George Fernandes has quoted some letter which has been sent to him from England. But I would like to say that the people, especially the people from Pakistan and other Muslims from other parts of the country are very touchy about this issue. They say that this is a game on people belonging to other religion. I would like to say that even the spreading of the scandal issue has not taken the fate of the BCCI employees. I would like to quote a statement of the Chief Minister of the Sinned province. He says:

"Abides success was perhaps too much for the Zionist to Stomach" says Jam Sadiq Ali, Chief Minister of Southern Pakistan Province Sind.

They are still thinking that the bulk will come out on this scandal. Already the High Court in London has allowed the operation of this Bank because of the assurance from the major shareholder Sheikh Zaid bin Sultan of Abu Dabi. Under these circumstances, what we have to see is, how we can protect the interest of our depositors. What happened because of advancing obdubious loans? It was not the Reliance alone. But the industrialist close to our friend on the oppo-

[Sh. Vijaynaval Patil]

site side Shri R.K. Gupta of the United Groups who is alleged to have taken a dubious loan of Rs.12 crores from this Bank and the payments are not being made.

In Bombay, when these fake passports were allegedly found, when the fake signatures were noticed, some people were arrested under COFEPOSA. But they were released by the court as sufficient evidence was not forthcoming. But unfortunately, Shri George Fernandes wanted to use this occasion and level charges against the ex-Prime Minister. It is not becoming of a Member of Parliament when the court has released the culprit.

As far as appointment of a parliamentary committee into the investigation of affairs is concerned, I would like to say that it is a multinational concern and the SBI officers are enquiring into the dealings of this Bombay branch. And a Grand Jury of the American Government is enquiring about its affairs in more branches. And so is the case with the High Court of London and in other countries enquires are going on.

It will not be in the fitness of things, to appoint a Joint Parliamentary Committee, at this stage, to go into the affairs of the BCCI. Hence, instead of giving more ramifications to this scandal, we should try to protect the interests of the depositors. Shri Somnath Chatterjee, tried to allege that some relatives of the government officers are working in this bank. It has been said that "as it is a third world bank, it is suffering from this weak point and that relatives and friends of the people who are working in Pakistan, who are controlling this bank, are appointed as officials without looking at their competency in the banking administration". I see nothing wrong in the appointment of those people, who, by chance, are related to some officers in the Government of India. This bank seems to be operating well and its operations are good. The former Prime Minister of a country was the Financial Consultant of this Bank till recently. Only in some areas, in coun-

tries, disputes arose and some eyebrows were raised because, this bank has financed the projects in some countries, which were ruled by dictators or in those countries which could not get IMF loan.

There may be some irregularities; there may be scandals of corruption but, that does not mean that every member from the other side should try to level allegations and raise eyebrows against the ruling party and try to make it a big issue.

With these words, I ask Shri Jaswant Singh to withdraw his motion, when the Finance Minister comes out with his assurance on certain enquiries made by the hon. Members from the other side.

With these words, I conclude. I thank you for giving me an opportunity.

[Translation]

SHRI CHHITUBHAI GAMIT (Mandvi): Mr. Chairman, Sir, a lot of discussion had been going on the bill, presented by Shri Jaswant Singh. Earlier speakers have said many things. I don't want to repeat all those things. But Mr. Chairman, sir, I am going to speak on the amendment put forward by me with great despair. I have been a Member of Lok Sabha since 1977. During this period, economic conditions of the country have always been discussed and I have observed that economic condition of the country is deteriorating day by day. We can't deny it.

Mr. Chairman, Sir, I have observed that our deteriorated economic condition has affected foreign trade. We cannot deny it. The position of our foreign trade has become pitiable due to constant deterioration of foreign exchange reserves. Mr. Chairman, sir, through you, I want to remind the house that the economic condition of the country was very bad when the Government of opposition parties was formed at the Centre during 1977. After the election of 1980, former Prime Minister, late Smt. Indira Gandhi, reassumed the office of Prime Minister. The Indians who live abroad earn

money by running business there, All their earnings remained in foreign countries. N.R.I. scheme was formulated to attract foreign capital of those Indians for investing it in our country. All the Members of the House know that Indians residing abroad have invested crores of rupees of foreign exchange in this country. Great benefit is being derived for making payment of loans of foreign trade. Thousands of people from Surat, particularly South Gujrat from where I hail, are earning a lot by running an industry, etc. In foreign countries. They have sent foreign exchange to our country through B.C.C.I. Today, a controversy over B.C.C.I. is going on and in that connection in my constituency, the family members of those people who are residing in foreign countries, have met me. They have said that they had deposited the money as foreign exchange in B.C.C.I. in the interest of India. It is not safe now. A discussion may be held in Lok Sabha in this regard. You should bring our representative urge upon the government of India to provide security for our foreign exchange deposited in the Bank. Keeping in view the interests of those people. I am going to amend the Bill. I through you, Sir, want to draw the attention of the House on B.C.C.I. as to when and why it was started. In 1977, the sanction to open the branch of this Bank was granted when it was the government of Janata Party and hon. Shri Morarji Bahi Desai was its prime Minister and shri H.M. Patel hon. Finance Minister. The branch of B.C.C.I. was opened in 1983. Shri George Fernandes has said that the permission was granted in 1983. But, as a matter of fact, the decision to open the Bank was taken when Janata Party was in power. At that time, Shri George Fernandes was Industry Minister and he was in the Government. the permission was granted to open the Bank during that period. It was needed to establish good relations with Pakistan. It is also our foreign policy that permission may be granted to open the branches of foreign Banks in India. It also comes under the guide-lines of foreign policy. We should recall that a lot of foreign exchange was required at that time since great difficulty was being experienced in making the pay-

ment of foreign exchange loans and during 1982-83 we had to face such difficulties along with many other problems. This is also one of the reasons of encouraging NRIs to invest their capital in India during 1982-83 permission was granted to B.C.C.I. or its parallels Banks to open their branches in India. It is surprising the then Finance Minister, Shri V.P. Singh and his Assistant, Shri Bhure Lal had not taken any action Against it despite having thorough knowledge of these activities. I, through you, want to ask one question that in 1989 when Shri V.P. Singh was Prime Minister, Shri dandavate ji was Finance Minister and Shri George Fernandes was also hon. Minister and the very mover of the Bill hon. Shri Jaswant Singh was their good friend, nothing against BCCI was said by them nor any action was taken at that time. Shri V.P. Singh knew it in 1986. Many such things have appeared in the Newspapers. In addition to, I want to say that the Bill brought forward by Shri Jawasari singh, and an Amendment Bill brought forward by Shri George Fernandes were related to the interview given by Shri Harshman.

Mr. Chairman, Sir, he is the same Harshaman, who in 1985-86 had said that the then Finance Minister, Shri V.P. Singh had given him letters. But shri V.P. Singh denies even to have met him. Should we depend on Harshman so always tells a lie. I know that the State Bank of India is making an enquiry about the Bombay Branch of B.C.C.I. When its enquiry is going on, NRIs can face a lot of problems. They have given foreign exchange worth crores of rupees to India during the last few years.

Mr. Chairman, Sir, I, through you, want to request the hon. Finance Minister to consider it sympathetically. We should wait the result of the action being taken against it by the State Bank of India. We should also await the reaction of Reserve Bank of India in this regard. Mr. Chairman, Sir, I, through you, would request the hon. Finance Minister to give protection to the non-resident Indians, Indian Industrialists and traders who have deposited their money in B.C.C.I. We should ensure them security so that the

[Sh. Chhitubhai Garnit]

moral of NRIs remain high. The motion amendment brought forward by me to the Bill originally moved by Shri Jaswant Singh and which has been given in the list of Business should be considered sympathetically.

[English]

MR. CHAIRMAN: Would the Minister like to make the reply now?
(Interruptions)

MR. CHAIRMAN: I think every facet of the facts of this case have been brought out by the three or four stalwarts who have a spoken from this side and I do not think that anything remains to be spoken and if so, it may be only repetition of those points.

(Interruptions)

SHRI B. VIJAYAKUMAR RAJU (Narsapur): Being the Leader of the telugu desam Party, I want to speak on behalf of my party.

MR. CHAIRMAN: There is no time. The time allotted was three hours and we have already extended it to four and a half hours.

PROF. UMMAREDDY VENKATESWARLU (Tenali): Let our party have our say.

MR. CHAIRMAN: All facts have already been brought out.

SHRI B. VIJAYAKUMAR RAJU: Then why should we discuss in this House? All facts are there in the newspapers.

MR. CHAIRMAN: All right. I will allow one Member from the Telugu Desam Party. One name is given against your party. Mr. Vijaykumar Raju can speak. Please make it brief and there should be no repetition of the facts which have been already said.

SHRI B. VIJAYAKUMAR RAJU: I will not take much time.

SHRI FRANK ANTHONY (Nominated Anglo-Indian): There is so much of work still before the House and unless you ask the

Minister to reply now, we may have to sit till 1 AM in the morning. [Interruptions]

MR. CHAIRMAN: OK. I think the general opinion of the House is that the Minister should reply now.

SHRI B. VIJAYAKUMAR RAJU: The decision has already been taken by the Business Advisor Committee. [Interruptions]

SHRI JASWANT SINGH (Chittoor-garh): Sir, without wanting to be going contrary to what you are saying, I would like to submit.....

MR. CHAIRMAN: I am quite open to your suggestion.

SHRI JASWANT SINGH: It is not a suggestion. Rules repair that the right of reply lies with the mover of the Motion and not with the Minister. I just want to correct the wrong impression. The hon. Minister may intervene. But the right of reply is with the mover.

MR. CHAIRMAN: thank you for correcting me. The hon. Minister will intervene now. And later, along with you, shri George Fernandes and Shri Garnit who moved some amendments will also get a chance to speak.

SHRI B. VIJAYAKUMAR RAJU: I also want to speak Sir. I have some questions and I expect a reply from the Minister.

MR. CHAIRMAN: I will give you a chance later. First listen to the hon. Minister.

SHRI MANMOHAN SINGH: Sir, I have listened very carefully to this debate. I would like to draw your attention to my earlier statement. In that I had said that I had made the statement on the basis of information available to me. I had also stated that if any further information would become available, I would have it properly investigated.

I had only a letter from shri George Fernandes and Shri Jaswant Singh, leveling certain allegations. I have also seen press reports and I think several Members have quoted from various international journals.

Now, I want to assure this House that I

am not in the business of covering up anything about the BCCI. I would ask all relevant agencies of Government to look into whatever has been said on the floor of this House. I will ask the Reserve Bank to look into it. I will also ask our intelligence agencies to look into all that has been said on the floor of this House.

Grave issues of national security have been brought this House and allegations have been made. It would be my duty as Finance Minister to ensure that this type of concerns are properly looked into. You have my assurance Sir that whatever has been said here, will properly be looked into.

But I do not want to go on the basis of what appears in newspapers. I respect freedom of the press and we are very proud of our traditions that we have a free press in this country. I think sometimes it causes inconvenience to Government., I do very much hope and pray that it would remain that way and we would always have a free press. But before I go on to deal with the BCCI, I would like to mention about what the gentlemen of the press sometimes do.

A reference has been made to a statement given in the Indian Express. In this statement, certain references have been made to certain individuals by insinuation. In fact in some of the editions of the Indian Express - I am told in Bombay and Madras editions - an explicit reference has been made to me that I have been attempting to cover up the BCCI because my daughter got a scholarship from a particular agency which was in turn given some monetary help by the BCCI. I want to come clean on this count, because I do not want to hid anything from this House and I think I would not be worthy of being the Finance Minister of this country if there is a slightest suspicion about my conduct in this matter which allegedly involves the security of our country. Therefore, I would like to make a personal explanation on this point. I have daughter who has a very brilliant career. she has throughout been a first-class student. She graduated with First-class Hons. from Delhi University.

I had left the Government of India in 1987 to take up my position as a Secretary General of a South Commission. In the meanwhile she graduated from the Delhi University. In this country we have an Oxford and Cambridge society which is a society of the alumni of those two universities. Those people made contribution to a firm and for several years the Oxford and Cambridge society has been giving scholarship of about Rs. 50,000 to intending students who want to peruse their studies in Oxford or Cambridge.

It is also true that in 1988, the BCCI made donations to the Oxford and Cambridge society in accordance with the approved Reserve Bank rules for donating money by the bank to various institutions. And, it is certainly true that when my daughter applied, she was selected for the award of scholarship of Rs. 50,000. I was not in this country at that time. I did not know also whether she had applied. I am absolutely faithfully stating to this House that I can never impress anybody for the scholarship and I am quite willing to be judged by the hon. leaders of the Opposition with regard to my conduct, insinuation and the charge that has been made in the Indian Express today that because my daughter got a scholarship of Rs. 50,000 from the Oxford and Cambridge society and because it partly came from a donation which was made by the BCCI, therefore, I am trying to cover up the BCCI. I leave it to the good sense of the House and I am quite willing to subject myself to any inquiry and I would abide by the judgment of the leaders of the Opposition with regard to my conduct in this matter.

Now, Sir, I come to the substance of it. I think Shri George Fernandes, and other hon. Members have asked how did the BCCI come to India. I had mentioned that the bank opened a representative office in 1977. In 1978 there was, I think if I remember in the other House, a discussion on this. Several Members were of the view that a third world bank, a newly coming bank should be brought into this country. I will be very honest with you and say that there was

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some pressure from some Arab countries, the Abu-dhabi saying that this bank should be brought into India. In 1979, the then Government, at the level of the Minister of State decided that the reserve Bank should be asked to give this bank's branch. That decision was approved by the then Finance Minister.

Let me say that I am not attributing any motive. The Finance Minister at that time happened to be Chowdhary Charan Singh. I have the greatest regard and respect for his integrity. Therefore, when I am stating this fact, I am not imputing any motive that either the Minister of State or Chowdhary Sahib was acting out of any ulterior motives. But there was a feeling that there is an up-coming bank. Also, there was a very considerable element of Muslim opinion which said that why are we discriminating against it. There were also representative from some Arab countries. A decision to give a branch of this bank was in fact taken at the level of the Finance Minister.

MR. CHAIRMAN: I am sorry to interrupt you. On this subject, I think, the other day, when you were speaking, you had mentioned that the file had been specifically taken by hand there. Did it create an impression?

SHRI MANMOHAN SINGH: I do not know. If I had conveyed that impression, then I apologise for it. I reiterate that I do not want to give any feelings that there were any ulterior motives.

The Government fell at that time. At that stage Shri Bahuguna was the Finance Minister and Chowdhary sahib was the Prime Minister. It was decided that this matter should be reviewed again and at that time a decision was taken that particular decision should not be implemented. The BCCI persisted with their approach. In 1983, the decision was taken and I would say in accordance with approved procedures to give the Bank a Branch in Bombay.

Now, some of the Members have brought up this question. What were the views of the Reserve Bank Governor and what were the internal discussions between the Reserve Bank and the Ministry of Finance? I want to say that it would be a sad day, if confidential correspondence dealing with Reserve Bank and the Government become subject matter of public debate but I do say that a branch was agreed to be given to the BCCI in accordance with established procedures. The power to give that Branch rests with the Reserve Bank. There are always consultations between the Government and the Reserve bank. There are occasions when one takes one view but ultimately another view prevails. But that does not mean that there were any ulterior motives in bringing this bank to India, just as one cannot conclude that there were ulterior motives in 1979 to give this bank a branch. If you were to look at the situation today, I think, it would be agreed that it was probably a mistake to bring this bank.

SHRI GEORGE FERNANDES: Thank you.

SHRI MANMOHAN SINGH: But I think one is wiser by the experience. But the very fact that this bank was given a branch in 1983 does not warrant the type of insinuations that have been made on the floor of the House.

SHRI SOMNATH CHATTERJEE: That factually correct. You were overruled. That is correct now.

SHRI MANMOHAN SINGH : The second thing that I want to say is this. This bank has been kept under watch.

Now, I am not revealing any secret because there were suspicions right from the beginning that this bank had some connections with Pakistan. But you cannot hang a person or an institution merely on the basis of suspicion. We are a society which takes pride in being governed by the rule of law although there were suspicion, that there

were no indications that this bank was then indulging in any of these things.

Then, as a matter of abundant caution, the Reserve Bank and also our intelligence agencies throughout kept a watch on the activities of this bank. Now, the question arises, why are we trying to make an artificial distinction between the affairs of the Bombay Branch and the affairs of the BCCI outside? Quite honestly, the resources at our disposal - Reserve Bank and our intelligence agencies - are not so extensive that we can police the activities of the BCCI all over the world. Let me also say that at one time there was not a sympathy for the BCCI in the Third world. Only two or three years ago, they opened a Branch in China.

I can also mention the Third World Foundation which was financed by the BCCI. It was very active in many of the Third World causes.

Now, a reference was made to the distinguished former President of Tanzania on the floor of this House who got the Third World Prize.

Now, are you going to suggest that President Julius Nyerere was a tool of the CIA that he was paddling drug money. I think if you do it, you would be insulting one of the greatest personalities of the Third World Countries.

As far as I am concerned, when I became the Secretary-General of the South Commission, the Third World Foundation had promised to give to the South Commission 4,00,000 dollars. [Interruptions] The third World Foundation had agreed to give to the South Commission 400,000 dollars. When I became the Secretary-General, for some reason or the other, they never fulfilled the promise also.

SHRI SOMNATH CHATTERJEE: They were scared of you.

SHRI MANMOHAN SINGH : For whatever it is, the very fact that the Third World Foundation was supported by the BOFI and

because South Commission was supported by the Third World Foundation and therefore the Chairman of the South Commission thereby became a tool of the CIA or of drug laundering and all these things, I think we are trying to read many things into these things. Investigative journalism has a place, but a lot of things which are being said quite honestly, these are not things which are being substantiated by the fact of the case.

Now references were made to the investment by non-resident companies or a particular group of firms was referred to; references were also made other Non-Resident Indian. I feel saddened the way these references were made. We have today a large amount of non-resident deposits in our country; these are 11 billion dollars. Now if this becomes a norm in this country that anybody who keeps deposits as a Non-Resident Indian, he is dubbed as a person who is laundering black money...

SHRI SOMNATH CHATTERJEE: Nobody has said.

SHRI MANMOHAN SINGH : You may not say, but this is bound to be read into it. Now this sort of a thing, I think, is going to do an irreparable damage to the reputation of the Indian banking system.

Now, we have looked into the activities of the Bombay branch. I may also say that there was a suspicion and therefore on a number of occasions investigations were made by the Reserve Bank of India, by other agencies and references were made to what action was taken by the Enforcement Directorate in 1986. It is true that they violated the Foreign Exchange Regulations Act; that there were forged signatures; but the guilty party was a Travis agency; and I may mention that the case of a forged passport was not turned out to be true when this matter was investigated by the Advisory Committee; that the same Enforcement Directorate could not substantiate that these people were having forged passports; in fact, at least 40 people appeared before the Advisory Board. They, in fact, were pilgrims;

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they, in fact, had gone for a haj. I think, what was therefore said about them was not correct. It is true that they, I think, did not sign and therefore thumb signatures or forged signatures were there on their behalf; but it is true that these people did Travis; that they were genuine travellers. So, I think the allegation made by the Enforcement Directorate, was not substantiated before the Advisory Committee. I also tell you that I have great regards for our Enforcement Agencies, but, sometimes, they are also carried away by over enthusiasm. Therefore, it is the bounded duty, I think, of this House that, when dealing with the citizens of our country, we should not level wild charges against those who have no chance of defending. Reputations are made; reputations are marred. References are same in this House. The privileges of the House protect us for saying whatever we say. And I think it will not be a good day if these charges are made without valid basis.

Similarly, references have been made about the State Bank of India's dealing, about the Syndicate Bank of India's dealing. Let me say, I do not see anything wrong with the State Bank of India or any other Indian bank having corresponding banking relations with BCCI so long as BCCI remains here as a scheduled bank.

There were normal activities. These were entered in good faith. Now, if it turned out that the BCCI was indulging in certain undesirable activities, that, ipso facto does not cast a doubt on the integrity of our bankers be it the Syndicate Bank or any other. They may have made mistakes, they may have losses. But I think to impute motive that they were part of a gang to defraud this country to launder black money, I think that charge, I cannot accept. I strongly repeat it.

SHRI SOMNATH CHATTERJEE: There is complete misunderstanding. I said, why should the nationalised banks invest the money there? The money was invested by several other banks there.

SHRI MANMOHANSINGH: All I can say is, for Example, I have looked into certain transactions of the State Bank. It would not be prudent on my part to name individual persons who were the beneficiaries or the subject matter of those no transactions. All I can say is, that the State Bank made money out of those transactions. I did not see prima facie anything wrong with those transactions.

Now, therefore, my overall request to this House is that whatever has been said on the floor of this House I would transmit to the Reserve Bank, to our Intelligence agencies. I may also inform the House that I have appointed, rather the Reserve Bank have appointed M/s. Billimoria and Company to do a comprehensive audit of the activities of the Bombay branch right from the date of its inception. Therefore, if any hon. Member of this House has any information having a bearing on the conduct of this BCCI Bombay operations, kindly he may make it available to me. I would have it investigated.

About the other aspects, the security aspect, I have myself been in touch with the chiefs of the security organizations. I would not like to divulge, for example, what they have told me, but they have assured me that they have been ware of all these things that are going on, that they have been alert and that although a lot of suspicion does exist, quite honestly as of today I think, no definite proof of the BCCI having done something in our country has been found. We do not have that proof. But I think as I have said, there cannot be any finality about these things. We would be very alert. If any information on these aspects becomes available here, whosoever has the information, through the Senate inquiry or the Bank of England inquiry, I think we would pursue it. We are not in the business of cover up operations.

As I said, ex post facto it appears today that it was a mistake to have brought the BCCI into this country. But I think from this one should not conclude that those who brought it were necessarily guided by

consideration. I think that, that would not be true of those who wanted to bring the Bank in 1979 or those who brought it in 1983.

With these words, I thank the hon. Member for giving me this opportunity to explain the position.

I now request the hon. Shri Jaswant Singh not to press his motion.

SHRIBHOGENDRA JHA (Madhu-bani) : But you did not respond to the amendments. The news item has been there., that several top ranking persons in the several stages have been employed. He did not reply to it.

Second, I think in view of the suspicion already created, would it not be better to clear the administration and to refer the question for adjudication? Appoint a JPC as has been demanded by my friend, Shri Jaswant Singh.

SHRI MANMOHAN SINGH : I shall explain about it. My own view is, since it became a subject matter of leading newspaper which is the favorite of some sections of this House, I think, I do not frankly believe that children's sins should be carried bank to their own parents. I do not propose to make those investigations.

SHRI JASWANT SINGH(Chittorgarh): Mr. Chairman, Sir, I recognise that the House is now weary of this discussion as it has sat for a long time. But it is customary on such occasions, firstly for the mover of the motion to thank all those who have participated in the discussion.

Thereafter, I am obliged firstly to reply to some of the points that have been made and thereafter to re-state the core of my concern.

The hon. Member from Rajgarh, Shri Dignity Singh, was the first Speaker, fielded by the Congress Party. Unfortunately he is not here now. He is unwell. He did have the

courtesy to meet me to say that he will not be here. Therefore, I have to be very brief in replying to what he has said. I wonder as to why he was so pre-occupied with sexually suggestive phraseology. His intervention was largely of sexually suggestive phraseology. Though he did have a somewhat labored and thrigid attempt at humor, his fixation of sterility left me wondering whether it was a Freudian fixation. But other than that, I do not know what he was speaking about because he wandered on Bofors and he went on to Fairfax. He was concerned more with history than with the motion itself. I do not want to go into all aspects of what he had said except one thing. He said that only one instance has been cited by me. I had given an illustrative instance. For the information of the hon. Finance Minister, I have with me a copy, which incidentally was not sent to me, it was sent to Shri Advani, of an internal audit dated 20th July 1989 from BCCI, Bombay to BCCI, London, from Mr. Muralidharan to Mr. Kapadia. It is about Swiss trade account. I do but want to go into the details of all this.

I am not really interested in sending it to anyone. If you feel that it is worthy to take note of it, please take note of it. Otherwise, you can reject what I am saying. It is talking about Swiss trade account starting with 5 million U.S. dollars and going upto 20 million U.S. dollars. All the particular are here the Finance Minister is interested in this or not....[*Interruptions*]

MR. CHAIRMAN: He has already requested you to forward a copy to him.

SHRI JASWANT SINGH: Sir, it is in their possession. I don't have to forward them a copy on documents which are already in their possession. It is a Memorandum and it is a part of the bank's records..[*Interruptions*]

MR. CHAIRMAN: He had already said that he will refer all the issues to the RBI or to the Intelligence Agency.

SHRI MANMOHAN SINGH : All issues that have been raised in the proper agencies.

SHRI JASWANT SINGH: I am referring to what Shri Digvijaya Singh has said. He said that only one instance has been cited by me. There were numerous instances.

MR. CHAIRMAN: Mr. Jaswant Singhji, you said that whether the Finance Minister is interested in this or not. It is now of my duty to point out to you that the Finance Minister has already said that every point, every single point raised here, will be referred to the Reserve Bank of India or to the Intelligence Agency. So, do not say that he is not interested. *(Interruptions)*.

SHRI SOMNATH CHATTERJEE: Will he let us know the result also? *(Interruptions)*

MR. CHAIRMAN: I am sorry to interrupt. I think it is also one of my duties to bring out the correct perspective in front of you.

SHRI JASWANT SINGH: Mr. Chairman, Sir, as you are now engaged in clarifying the issues... *(Interruptions)*

MR. CHAIRMAN: O. K. I will accept it.

SHRI JASWANT SINGH: You said it sir. *(Interruptions)*

SHRI JASWANT SINGH: As you are now engaged in clarifying the issues, would you also please tell the hon. Finance Minister to let us know of all that he said he will look into.

SHRI SOMNATH CHATTERJEE: He said to send them to the R.B.I.

SHRI JASWANT SINGH: All the security issues will also be looked into. I would wish to know that having been looked into, after that would the Parliament be enlightened with what has been looked into? And the consequences of that looking into?

I would not labour much on the intervention of Shri Digvijaya Singh because he is not here. I have to spend a little time on what the hon. Finance Minister has said.

Let me, at the very outset, share some views about the personal explanation that the hon. Finance Minister started his intervention with. I am immediately saddened that the hon. Finance Minister had to start with such a personal explanation. I find it a matter of great objection when insinuations of this kind are being made against a young girl. I do not have the good fortune of knowing the hon. Finance Minister's daughter. But he did once tell me about her. She is studying in her own right. She is following the footsteps of a distinguished economist. I hope that she will prove to be an equally distinguished economist in the coming years.

Therefore, it saddens me also personally that the hon. Finance Minister should have found it necessary to provide - what I think is a very gracious gesture on his part, but wholly unnecessary - personal explanation because as Members of Parliament and Ministers of the Government, whichever Government attempted to provide answers to some insinuation or suggestion made every time that something appears in whatever newspaper, then the journey will never end. There is a refined Arabic saying on this. If everytime you hear about the caravan were to stop, it will never reach its destination.

It does sadden me and I feel.....

MR. CHAIRMAN: Shri Jaswant Singh, does it have anything to do with the BCCI?

SHRI JASWANT SINGH: It does. He started with it. He gave a personal explanation because he was really feeling about it.

MR. CHAIRMAN: But, I think, that has no direct relevance with the BCCI case actually.

(Interruptions)

SHRI SOMNATH CHATTERJEE: He appreciated the gesture on his part because he felt the anguish. *(Interruptions)*

MR. CHAIRMAN: I think we should gracefully accept what he has said and we should not bring the hon. Finance Minister's daughter into the proceedings.

SHRI JASWANT SINGH: He mentioned it. I am only sharing his anguish. (*Interruptions*)

SHRI SOMNATH CHATTERJEE: Nobody has brought it. (*Interruptions*)

MR. CHAIRMAN: It would be more graceful if you share it privately with him later on instead of recording in the proceedings.

(*Interruptions*)

SHRI JASWANT SINGH: In the substance of the interventions of the hon. Finance Minister, I would share that he went into the events into the chronology of the opening of this bank. And I welcome two statements by the hon. Finance Minister, that, now, in retrospect, he finds that the opening of this bank was possibly a mistake and it is reassuring to learn that the bank was kept under watch, particularly the Pakistan aspect of its linkages.

I am saddened when the hon. Finance Minister in an intervention said and he used some strange adjectives about what I and my good friend Shri George Fernandes had said and he called them unrestrained interventions and he suggested that these caused irreparable damage. The implication is, Sir, that there is some kind of prerogative about responsibility that the observations that we make are always damaging but the observations made by the Treasury Benches or their activities are not damaging. (*Interruptions*). I am constrained to make an observation on this because it is both a very strong adjective for the Finance Minister to use and an uncharacteristically closed conclusion to draw. If what we say, which is in accordance with what you wish to hear or that which pleases you and only that with which you agree and only that is good, then I don't think this assembly which is an assembly of dissent and discussion will have any meaning

at all. (*Interruptions*): And I am sure that is not the thesis that he wishes to propound, yet that is impression that he has left with us.

Similarly, when he said about NRI investment and his suggestion that our reference to NRI investment causes — and he again used this word — irreparable damage, it is not the correct expression. We have here two concerns, it is the twin concerns that are in conflict; as a Finance Minister I can well understand that he is interested in getting as many non-resident Indians to invest in India as he can prudently find.

SHRI SOMNATH CHATTERJEE: Black or white.

SHRI JASWANT SINGH: Black or white, I mean, the colour of the money being indifferent. But that is another concern. I wish to share it with the Finance Minister that there is a simultaneous concern about the basic health of our institutions and I am not, for a moment, suggesting that the Finance Minister does not have that concern, he does indeed have it end when he referred to questionable non-resident Indian investments, it is not because we don't want them to invest, it is the totality of confidence about India which will achieve both the health of the institutions as also enhanced and continuing investment by the overseas and non-resident Indians. Otherwise, this kind of an investment by a non-resident Indian is a very fragile, inherently fragile investment.

SHRI MANMOHAN SINGH: I would like to point out that this particular transaction relating to 1982-83 was in fact investigated by Shri Bhure Lai himself. He went round the globe to find proof of this, he did not find anything to substantiate it.

SHRI JASWANT SINGH: I don't think that was my point at all.

SHRI MANMOHAN SINGH: The point I am making is that you should not be making allegation about these accounts if you do not have the facts. I think it damages our image.

SHRI JASWANT SINGH: I do not know to which allegation he is referring to. (*Inter-*

ruptions). I do not know, Mr. Chairman, to what allegation the hon. the Finance Minister is referring.

SHRI JAGDISH TYTLER: Fictitious allegation.

SHRI JASWANT SINGH : I do not know. (*Interruptions*).

MR. CHAIRMAN : Kindly don't interrupt.

SHRI JASWANT SINGH: The hon. Minister of state who wishes to intervene was in fact not present when I had my intervention made. So, he is really in no position to tell me what I have said and suggested because the hon. Finance Minister....

SHRI JAGDISH TYTLER: From what I heard after hearing the Finance Minister, I think it is all fictitious (*Interruptions*).

MR. CHAIRMAN : Kindly don't interrupt.

SHRI JASWANT SINGH: The honorable Finance Minister has suggested that I made a kind of allegation. There is no allegation. In fact in my entire intervention, I hardly used a single name or a single personality. Therefore, to say that there are some questions that have arisen about investment, I don't even refer to an official of the Government of India.

21.00 hrs.

I did certainly refer to the institution of the Enforcement Directorate and for the hon. Finance Minister to run down an officer of the Government of India who is still in service, is not correct.

SHRI MANMOHAN Singh: I am not running down anybody. I am quoting the same

officer who went abroad and did not find evidence to substantiate that these investors have, in fact, laundered money.

SHRI JASWANT SINGH: This is the point which has been made by the interventionists fielded by the Congress Party, I said, it really begs the question. It does not matter which officer is connected with it, but the Enforcement Directorate and today we have arrived at a situation wherein the Enforcement Directorate's findings are colored or alleged to be colored. This is a matter of concern to us. That is what I have said and that is what I continue to say. If you have a Directorate like the Enforcement Directorate and if it is used or found to be not acceptable for whatever reason, then we have debilitated and enfeebled our institution and that was the concern connected with the public financial institutions. However, the concern about the health of our institutions is shared as much by the Finance Minister as it has been shared by me

But because of the tenor of the intervention and because of the interventions of most of the ruling party Members, I have to reiterate what I started by saying that there is an impression that so far as public financial institutions are concerned, establishment of guidelines are necessary and the hon. Finance Minister did not touch that aspect at all. After all what is wrong in wanting an enforceable, autonomous and clear-cut guidelines for the functioning of financial institutions? The hon. finance Minister has not found reason to respond to that aspect. What possible objections does he have to that He himself said, the will ask for everything that has been said here, to be looked into. All that we are saying is that, all that has been said here be looked, into by a joint Parliamentary Committee. How is that looking into impeded by Joint Parliamentary Committee? It has not been made clear.

Sir, I am not attempting to score only debating points here. These two things being inadequately answered, I would have been compelled, under normal circum-

stances, to persist with pressing my motion. But I have given my word. In the Speaker's chamber, when it was decided that my motion be discussed under rule 184, the Minister of State for Parliamentary Affairs and others and indeed the hon. Speaker said: why do you not concede to the fact that you would withdraw your motion at the end of the debate? So, I am bound by my word, and I seek the leave of the House to withdraw my motion.

[*Interruptions*]

SHRI BHOGENDRA JHA : Sir, I was present there in that meeting and since he has given word, he is duty-bound to fulfill his word. but I request this august House not to give him permission to withdraw the motion. (*Interruptions*),

SHRI GEORGE FERNANDES : Sir, the House has to decide about the withdrawal of the motion. I was not aware that the hon. Member had made any commitment to the Speaker or that there was some kind of an agreement. If I had known, I would not have given these amendments. My amendments were not meant for presentation. They have been given with seriousness. (*Interruptions*) They have done that job on behalf of BCCl. (*Interruptions*) Why should you barrack me when I am called to stand up here?

SHRI RANGARAJAN KUMARA MANGALAM : We do not barrack you. (*Interruptions*)

SHRI GEORGE FERNANDES : He cannot withdraw the motion unless he has the permission of the House. (*Interruptions*).....

SHRI RANGARAJAN KUMARA MANGALAM : May I just point out ? normally the understanding arrived at the Speaker's Chamber such matters discussed in his Chamber are not referred to in the House. One does not take the name of the Speaker either. I hope he would not misunderstand if

I have said that. It is understood that the various leaders and representatives of the various Parties would communicate to their Members whatever understandings that have taken place.

SHRI SRIKANTA JENA : I think, Janata Dal was not there in the consultation.

SHRI RANGARAJAN KUMARA MANGALAM : I do not want to take the names and the Parties which represented there.

(*Interruptions*)

MR. CHAIRMAN : Will you sit down please. Whatever that has happened in the Chamber has no concern with what happens in the House. I think, whatever happens in the Chamber or whatever private conversation, monologue or dialogue held outside has no concern in the House.

Now the point remains that before the main Motion is disposed of, the amendments have to be disposed of.

Shri George Fernandes

SHRI GEORGE FERNANDES : Mr. Chairman, Sir, we had no information to this effect and we did not want to get involved in this controversy. I had written a long letter to the Finance Minister and I did not mention it here. But the reply of the hon. Finance Minister to the debate here does not suggest any solution. In his previous statement he declined to reveal the information or facts. he has not provided any additional information.

We, therefore, reject his reply. If someone thinks that this issue has come to an end, he is mistaken. This issue will continue to be raised inside and outside the House. We will collect evidence relating to the issue, raised here and place it before the House.

We do not want to participate in the proceedings of the House.

21.04 hrs.

(Shri George Fernandes and some other
Members then left the House)

[English]

SHRI SOMNATH CHATTERJEE: We
are against this BJP-Congress-I alliance. It
is against the interest of the country. There-
fore, in protest we walk out.

21.05 hrs.

Shri Somnath Chatterjee and some other
hon. Members then left the House.

MR. CHAIRMAN : Now I put the amend-
ment Nos. 12 and 3 moved by Shri George
Fernandes to the vote of the House.

*Amendments No. 1 to 3 were put and
negatived.*

MR. CHAIRMAN : Shri Chitubhai Gamit,
are you withdrawing your amendment?

SHRI CHITUBHAI GAMIT : I seek leave
of the House to withdraw my amendment.

MR. CHAIRMAN : Has the hon. Member
leave of the House to withdraw this Amend-
ment?

SEVERAL HON. MEMBER : Yes, yes.

*The amendment was, by leave,
withdrawn.*

MR. CHAIRMAN : Shri Jaswant Singh
had already moved for withdrawal of his
Motion. I presume the House gives him
permission to withdraw it.

SEVERAL HON. MEMBERS : Yes.

MR. CHAIRMAN : The motion stands
withdrawn.

MR. CHAIRMAN : Matters under Rule
377 will be taken up at the end of the day, at
the end of the business of the House, if you
still got enough energy to be here by then.

21.12 hrs.

JAMMU & KASHMIR BUDGET -
GENERAL DISCUSSION AND DE-
MANDS FOR GRANTS (JAMMU AND
KASHMIR), 1991-92

[English]

MR. CHAIRMAN : The House will now
take up General Discussion, and Voting on
the Demands for Grants in respect of Budget
for the State of Jammu and Kashmir for
1991-92.

Shri Bhogendra Jha tabled Cut Motions
to Demands for Grants. He is not present.

Motion moved :

"That the respective sums not ex-
ceeding the amounts on Revenue
Account and Capital Account shown
in the Fourth column of the Order
Paper, be granted to the President out
of the Consolidated Fund of the State
of Jammu & Kashmir to complete the
sums necessary to defray the charges
that will come in course of payment
during the year ending the 31st day of
March, 1992, in respect of the heads
of Demands entered in the second
column thereof against Demands 1 to
27."