

MR. SPEAKER: I will do as you wish. I have nothing to say in this regard.

[English]

SHRI SOMNATH CHATTERJEE (Bolpur): Sir, this is a matter which is agitating the minds of the hon. Members. So, let us start the discussion now.

SHRI NIRMAL KANTI CHATTERJEE: Sir, I want to make one submission. There is no compulsion that the Supplementary demands for Grant have to be passed in this Session itself. There is no compulsion, unlike the Ordinances.

MR. SPEAKER: I agree with Shri Nirmal Kanti Chatterjee. But let us understand that if this Parliament in its sittings is not passing the Budget, what kind of message you will be sending?

SHRI NIRMAL KANTI CHATTERJEE: That is what I am trying to convey. The Supplementary Demands for Grants can be taken up even in the next Session. There is no difficulty.

MR. SPEAKER: Okay, I accept the suggestion given by Shri Vajpayeeji that we complete this debate and we will sit and pass the Budget.

... (Interruptions)

THE MINISTER OF WATER RESOURCES AND MINISTER OF PARLIAMENTARY AFFAIRS (SHRI VIDYACHARAN SHUKLA): Sir, the Supplementary Demands for Grants have been discussed for some time in the House now. We have discussed about the other matter with you in your Chamber and it has been generally agreed by all the Opposition Members that after these Demands are passed—the essential work of the Government—then, the discussion under Rule 193 will be taken up. Now, there is no reasons to give up this understanding that was reached. So, Sir, I would request you to put the Demands to the vote of the House; and as soon as it is passed, we can immediately start the other discussion.

MR. SPEAKER: I, hundred per cent, agree with what you have been saying. Even then, let us not make it a prestige issue. If it is to be passed after this, we will pass it after this. If it is to be passed tomorrow, we will pass it tomorrow. But, if the House in its judgement, is not ready to pass this Budget, then, those who are responsible for this will understand what kind of message they will be sending.

SHRI VIDYACHARAN SHUKLA: The House is ready. Let us proceed with the Budget. We should proceed with the Supplementary Demands for Grants and then, we can take up the other business, I would request you to proceed with the Supplementary Demands for Grants now.

MR. SPEAKER: As per the Rules, the discussion under Rule 193 has to be started two hours before the House adjourns. I am not sure whether within two hours, all the hon. Member would be able to speak. They would need more time and that is exactly what I was suggesting—that is, we pass this Budget and then we sit for as much time as we like.

But if you apply that way, well, I will go by senior leader' views. I am not going to insist on that. The only thing is, those who understand this complication, should express their views. Otherwise it will become more complicated.

SHRI VIDYACHARAN SHUKLA I would request you to take up the Supplementary Grants first.

MR. SPEAKER: We will see that they are passed.

You know, those who understand this, should say these things. Ignorance should not dominate.

[Translation]

SHRI VIRENDRA SINGH (Mirzapur): Mr. Speaker, Sir, we are ignorant. But it should be decided first who will reply to it.

MR. SPEAKER: Under which rule are you asking this question?

SHRI VIRENDRA SINGH: I do not know it. But we do not know it of corruption who will reply?

MR. SPEAKER: Under which rule are you asking?

(Interruptions)

MR. SPEAKER: Please sit down.

SHRI VIRENDRA SINGH: Who will reply, the Prime Minister or Chaturvediji? If Chaturvediji is replying, we are not going to listen. (Interruptions)

MR. SPEAKER: It means you do not want to hold discussion on it. (Interruptions)

SHRI VIRENDRA SINGH: We want discussion but the persons sitting in treasury benches do not want. Who will reply? (Interruptions)

MR. SPEAKER: You will have to be responsible.

SHRI VIRENDRA SINGH: The hon. Prime Minister should reply. (Interruptions)

We will not listen the reply from Shri Chaturvedi. (Interruptions).

MR. SPEAKER: Those persons who are interested only in discussion. ask such question repeatedly.

(Interruptions)

SHRI VIRENDRA SINGH: Shri Chaturvediji is sitting here. If he gives reply... (Interruptions)

[English]

MR. SPEAKER: please sit down now.

(Interruptions)

MR. SPEAKER: If you do not sit down. I am going to name you and ask you to leave the House.

16.22 hrs.

#### DISCUSSION UNDER RULE 193

#### Gyan Prakash Committee Report

SHRI JASWANT SINGH (Chittorgarh): Mr. Speaker, Sir, I rise to raise a discussion on a matter arising out of the statement made by the hon. Minister of State in the Prime Minister's Office on 19th December regarding the Gyan Prakash Committee Report and on issues arising therefrom. I must, at the very outset, say that this particular discussion is one of the most unhappy

[Shri Jaswant Singh]

discussion that I am participating in. This discussion has been preceded by a so-called administrative inquiry coming to certain conclusions—this inquiry being arranged in the closeted offices of the Prime Minister, the report being received by the Prime Minister... (Interruptions)

SHRI NIRMAL KANTI CHATTERJEE (Dumdum): What is going on there... (Interruptions)

MR. SPEAKER: Some allowance is to be made to the poet... (Interruptions)

SHRI JASWANT SINGH: After this report was received, for over two months, it lay in the secrecy of the Prime Minister's Office. It was not even shared by the Prime Minister even with his Cabinet colleagues. The Cabinet remained unaware of what Gian Prakash has found or not found. Why for two months, even the Prime Minister's Office did not engage itself in an examination of what the report had said or not said? Thereafter, when it becomes evident that a discussion on this will now have to take place, as a sleight of hand, the Prime Minister passes it to yet another Committee constituted under the Chairmanship of the present Cabinet Secretary. Before this new Committee of Officials has ruled upon Ministers of his own Cabinet, the Prime Minister comes to this House and through a statement exonerates everybody by propounding altogether a novel and new philosophy of parliamentary jurisprudence.

The statement made by the Minister of State remains at variance with his own written reply to this very House! The whole issue is not just riddled with corruption and questions. The issue is riddled with inaction and deliberate evasion and every possible opportunity being used or misused by this Government—particularly the Prime Minister's Office—to somehow continue to obfuscate the issues in such a manner, to continue to spread fog on the whole thing in such a fashion that the enormity of the wrong that has been done to the country somehow gets forgotten, somehow this Session of Parliament like the previous Session of Parliament must just be gone through! And we will find yet another fudge, yet another way to find an exit out of this *cul-de-sac* in which this Government finds itself. This blind alley of corruption in which the Government has now entered is a blind alley in which there is no escape. And the only escape is candour or to share with Parliament, every possible wrong that has taken place because that is the bounden duty of this Government.

I must very briefly point out what was the background of this entire episode. In pointing out the background, I have necessarily, of necessity, to take recourse to the Gian Prakash Committee Report, a copy of which has been placed in Parliament. Whenever I refer to it, I do not want to quote from it, but I cannot but refer to and rely upon the Gian Prakash Committee Report, in the absence of which, if we were to rely only on ministerial statements, then there would be no discussion at all.

What is the background Sir? The background really starts from the sugar projections of 1993-94. These projections were made by the Ministry of Agriculture and there were indications, in fact, as early as February 1993 of a likely shortfall. Now, these dates are important

because they highlight the extent of government's inaction thus governments inability to take decisions timely. As early as in February 1993, it had become clear that following upon an indifferent crop in Maharashtra, sugar production was likely to fall. The Cabinet Committee on Prices thereafter met on 11 October 1993. 11 October 1993 is the first occasion, well before this whole matter of sugar has become a matter of public outcry or public concern or even parliamentary concern. On 11 October 1993, the Cabinet Committee on Prices meets and takes stock of sugar production and the likely consequences on sugar prices in the coming year.

In this Gian Prakash Committee Report, we have no access to what was reported to the Cabinet Committee on Prices by the former Minister for Civil Supplies. We have no access to what he said or submitted to this Committee. We have no access to the minutes other than those minutes which are now freely floating in the country. They are available to all and sundry and to every newspaper. The Cabinet's secrets and Cabinet documents and correspondence between high officials of the Cabinet and the highest official of this Government are now a free commodity! But that is a different matter.

11 October 1993 is the first instance when the Cabinet Committee on Prices is seized of this matter. It was then pointed out by the Food Ministry's estimates that the total availability of levy sugar was about 44 and odd lakhs and that of the free sale sugar was about 94.68 lakh tonnes. The closing stock was estimated at less than 12 lakh tonnes and therefore, in the beginning of October 1993, the forecast of shortfall was in the region of about 15 lakh tonnes. Here, at this moment, the decision necessary was, what is to be done to meet this shortfall and this decision was urgently required. But that decision was not taken at that time!

Thereafter, on 17 November 1993, the Secretary, Food seeks the Food Minister's approval for an import of 15 lakh tonnes. This is on 17 November. I am informed by learned Mr. Gian Prakash that the Minister for Food was so lax, so remiss in the discharge of his responsibilities, so inattentive to the matter of sugar stocks and sugar and so lax in considering what needed to be done at that stage that he kept this particular paper pending for as long as 18 days. The learned Gian Prakash finds fault with the hon. Minister for Food for keeping a paper pending for 18 days. I had, Sir, an occasion in a different capacity to make an observation about the Ministers of this Government keeping important papers relating to Vayudoot pending because they had misplaced or misemployed the funds of the Government of India. An authentication by the Minister was necessary and that authentication was not done for as long as three months. I refer to the action that the then Minister of Civil Aviation did not take in respect of the Vayudoot papers. This very Government Sir, in its ATR says that that is on account of a strike in Air India or Indian Airlines and therefore, that particular Minister is not to be found fault with.

There is a relevance to these 18 days.

There is a relevance because the Minister of State for Food is not being found fault with for sitting for 18 days on

an import requirement, whereas the Ministers of this Government are routinely known to sit upon papers for months on end. However, thereafter the Food Minister rules out any import as a matter of policy and orders his Ministry to find ways of increasing production and controlling consumption at that particular time. I am very impressed upon the ingenuity of the methods employed by the Government or the Ministry to find answers to a looming disaster, a looming situation of sugar scarcity. Then, what is done? In the specialisation of this Government, which is to prepare papers, notes and shift files, on the 12th of December a fresh note was prepared. This Government is moving lackadaisically. They find fault with the Minister of Food for sitting upon papers for 18 days and yet it is only on 12th December, 1993 that a paper is submitted to the Cabinet Committee on Prices. The Government recommended some incentives on usual lines, etc. I shall not go into the details of it. The cabinet committee thereafter considers this revised notes on 15th December and takes no decision. By now the situation on the sugar front is becoming more critical. It is deepening. The Cabinet Committee on Prices does not comprise of officials but comprise of Ministers and those Ministers are responsible to the Cabinet... *(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE: Have you put some infected sugar in your mouth?

SHRI JASWANT SINGH: What to do? We live in polluted time. I am informed by learned Gian Prakash that in the middle of December, 1993 reports emerging from Maharashtra and Uttar Pradesh were more disturbing and the shortfall then was likely not to decrease but actually increase. What does the Cabinet Committee on Prices do? It asks the Ministry of Food to make yet another indepth study. The Ministry of Civil Supplies at that stage in fact submits a note.

SHRI NIRMAL KANTI CHATTERJEE: Telling them to add to production without any raw material!

SHRI JASWANT SINGH: In fact this report will be reflected on by the future research scholars as a classic example of inefficiency even in evasion, even in obfuscation.

The Minister for Civil Supplies then submits a note on the availability of essential commodities and this predates the meeting of the Cabinet Committee on Prices. He does recommend an import of 15 lakh tonne of sugar. The Cabinet Committee takes no decision and it decides that it would meet around 29th January, 1994 to take a decision on the issue of import of sugar. In the meantime the sugar prices are rising. It is not necessary for me to go into a detailed catalogue as to how sugar prices were spurring and not just internally a cause every time that Cabinet Committee on Prices was to meet the requirement of Indian sugar became international public knowledge. And, every time both spot and forward trading on commodity markets in relation to sugar was multiplying or jumping. The Ministry of Food altered its estimates and calculated a shortfall of 19 lakh tonne. From 15 lakh tonne the shortfall has now gone to 19 lakh tonne. Nevertheless, here the Ministry of Food goes totally contrary to what the rest of the Cabinet was saying or

doing and suggests that this shortfall could be met by imports or through cutting in the release of sugar. Sugar price goes up again.

The meeting of the CCP, which was fixed on 29th January, did not take place and does not actually take place until the 9th March. You find fault with the Minister of Food and perhaps he is accountable for this delay of 18 days but no one finds fault with the Cabinet Committee on Prices for firstly not taking a decision from October onwards and thereafter when they did meet, did not yet again take decision and whereafter when they should have met latest by January and to have taken decision, to take no decision and thereafter when a meeting is scheduled for January, 1994 instead of meeting they keep on postponing it and do not meet till the 9th March.

Here, I would like to digress a little and address myself to the aspect of Prime Ministerial responsibility. A thesis has been very consistently put across that the Prime Minister remained totally ignorant of what was happening on the sugar front. I do not know the Hon'ble Prime Minister's dietary habits and as Prime Minister he is certainly not responsible for purchase of sugar for his domestic consumption but if there is a crisis brewing, whether it is in sugar, salt, 'gur' or in any other commodity, and if the Cabinet Committee on Prices has not informed the Prime Minister or, if the Prime Minister's Office has not informed the Prime Minister or if the Prime Minister himself has remained unaware of what is happening in respect of scarce or important commodities of daily use, then with due regard to the seniority of the years and the great experience that our honourable the Prime Minister brings to his Office, I have to with great regret observe that he does not deserve to be the Prime Minister. It does not behave the Prime Minister of our country to put across such feeble and childish reasoning that the Prime Minister was kept uninformed about a looming crisis on the front of sugar. I would revert to the question of Prime Ministerial responsibility when I come to the Ministerial responsibility.

In this meeting of the Cabinet Committee on Prices held on March, the projected shortfall requirement for levy sugar was again placed at roughly 10.31 lakh tonne and it was sought that for the PDS requirement the STC on Government account ought to import the shortage. Or, the alternative being conversion of free sale sugar to levy sugar at an agreed price. Free sale sugar was to be imported on OGL and duty free.

The decision that is taken, this too raises many doubts. Why was the OGL decision taken first and why not the PDS decision? Why was the OGL decision taken in March about which there are very serious implications. Sir, I have to submit to you a request and I do it very mindful of—I do not know, Sir, who from the Government is taking notes, the hon. Minister who made the statement is leaving the House.

MR. SPEAKER: Everything is recorded.

SHRI JASWANT SINGH: Recording is for us also, for the Reporters also...

MR. SPEAKER: They will read it.

SHRI JASWANT SINGH: I wish, Sir, I could share your confidence in the Cabinet of Ministers such as to enable me to say that they will read it! I have no such confidence.

SHRI ANNA JOSHI (Pune): Sir, he is waiting for orders... (Interruptions)

THE MINISTER OF STATE IN THE PRIME MINISTER'S OFFICE AND MINISTER OF STATE IN THE DEPARTMENT OF ATOMIC ENERGY AND DEPARTMENT OF SPACE AND MINISTER OF STATE IN THE MINISTRY OF SCIENCE AND TECHNOLOGY (SHRI BHUVNESH CHATURVED): Sir, the Rajya Sabha discussion is there... (Interruptions)

MR. SPEAKER: I allow you to go.

SHRI ANNA JOSHI (PUNE): Whenever discussion is there, they are asking about Rajya Sabha attendance. What is it?

MR. SPEAKER: This is because we have two Houses.

SHRI JASWANT SINGH: Sir, this is a query that continues to perplexes. Why was the decision to import sugar on OGL, and duty free taken before the decision to import sugar on public distribution system? I would like to understand the rationale for this. To my mind straightway two things happened. Firstly, this slippage of holding the Cabinet Committee on Prices between January and March, the period in which there was not just a slippage of holding the meeting, there was a slippage of information about the possibility that India will import sugar. There was not just simply a slippage of information in relation to India importing sugar, it comprised of details that India will import sugar first on OGL, that it will be duty free. It was in the month of January, Sir, if not earlier, that a signal got flashed from some quarters in this Government to agencies abroad, and to companies both of Indian and foreign origin to immediately start cornering sugar on the forward markets. The commodity trade in London was sensitive in the extreme to this and—I have facts and figures to that effect, Sir, I will wait until the Government itself comes forward readily with this information—in this period of two to three months, Sir, there was a great deal of forward purchase and cornering of sugar by those Indian and foreign companies or foreign companies with Indian connections and they cornered sugar ranging roughly from 200 to 230 dollars per metric tonne, knowing full well that sooner than later this very forward contract that they are cornering will become a deliverable commodity and then they could make a killing. They, indeed, did make a killing, Sir, and that is why when eventually it started getting supplied this sugar reaches our country not at 220 or 230 at which they cornered, but at prices of nearly 400 dollars a metric tonne. This is a crime that was committed. This is the loss of confidentiality, and this is at the centre of all this, not this aspect of petty delays of about 18 days or sitting over a paper. After all, what was the Cabinet Committee on Prices doing? Is it not the responsibility of the Cabinet Committee on Prices to be monitoring prices almost on a daily basis, if not on a weekly basis? Was it not the responsibility of the Cabinet Committee on Prices to keep apprised not just the Prime Minister but the entire

Cabinet about the volatility of the prices on sugar front, about the implications of not taking decisions timely, and what that will do to international markets? Any routine study of international commodity markets would have established that something is happening. Freely it was being spoken in London commodity markets. Prices were going up only because India is likely to become a purchaser and a purchaser in major terms. This is the second aspect which this Government must clarify and unless it clarifies this will not be done. This notification is finally issued. Sir, and the Minister of Food was good enough to come and make his announcement on the 15th of March in Parliament. I will not go into what then happened on the price front.

Now, Sir, the OGL, you have opened OGL and it is duty free. The State Trading Corporation is a trading corporation.

If private companies were employing the method of OGL, why could not the State Trading Corporation see this as an opportunity also to trade in sugar and provide that sugar at much lower prices and then provide that sugar for free distribution or through levy sugar? It is not enough for the learned Shri Gian Prakash to find fault with State Trading Corporation. The State Trading Corporation is a Corporation. It is a Corporation in a Ministry. That Ministry is the Ministry of Commerce. There is not a word about what the Minister of Commerce was doing in this whole period. Is the Minister of Commerce not answerable for what the STC does or does not do? Is nobody answerable for what happens? Where it is convenient, this Government goes to the Corporation. Where it is not convenient, this Government, the political leadership of this Government, transfers responsibility to the officials.

Sir, I am most saddened to observe that it is only with us in India that the buck seems to travel downwards and constantly downwards until, like water, it finds its lowest level. It is only with us in India that responsibility is never accepted when it deserves to be accepted and it is only with us that everyone concerned seems to transfer responsibility either horizontally or downwards by saying "I am not responsible, the official is responsible".

The Joint Parliamentary Committee had also observed on this moral decay that had taken place in this country. Sir, the CCP met on 8th April. On 8th April, a decision was taken in the CCP that the Ministry of Commerce shall advise STC and MMTC to take immediate action as there was no justification for any apprehension of loss. I do not know what the Minister of Commerce was doing. Who was advising the STC? What rationale was there? The Prime Minister had consistently informed us that he was kept in the dark. He had no knowledge. Finally on the 18th April, the Prime Minister himself took a Meeting. I do not want to list who all had attended it. The Finance Minister had attended it. The Commerce Minister had attended it. The Agriculture Minister had attended it. The Civil Supplies Minister had attended it. The Minister of State for Food had also attended it and of course, the Minister of State in the Prime Minister's Office had attended it. What were the decisions taken? The decisions taken were—Sugar imports with 'nil' duty on OGL will continue; STC and MMTC will

take urgent steps to import sugar; decision regarding Sugar Development Fund; reduction of allocation to PDS etc. Despite the decision taken in a meeting chaired by the Prime Minister himself on 18th of April, the Minister of Commerce, the STC and the MMTC did not act. They did not take any action. They are still disinclined to import sugar on Government account. It was becoming pretty clear by then that this import was inevitable notwithstanding the continued resistance from the Minister of State for Food. The Ministry of Food, then, on 28th of April, brought a fresh Note for consideration of the Committee on Secretaries again soliciting that STC and MMTC and advising them to import, at least, one million tonnes of sugar just for meeting levy requirements. This, Sir, took place after the Prime Minister had himself chaired the meeting. How now does it lie in the mouth of those who speak on behalf the Prime minister to continue to find fault with others? How does it lie in the mouth of the Prime Minister himself to come here in this House and despite the evidence of facts—I am not giving any opinion here, this is evidence from facts—to continue to transfer this responsibility horizontally or vertically downwards?

Sir, I do not wish to go into what the officials did or did not do in the Committee on Secretaries. This Assembly is not for examining officials or passing comments on civil servants: Certainly, if civil servants had not conducted themselves properly, it will necessitate my having to make certain observations. But this Chamber is not for us to arraign the civil servants. It is because they cannot stand up and answer.

The Chamber is for us to charge the political leadership of the country with their misdeeds; and this is what I am doing. The prime Minister then informed about this delay that was taking place despite his having chaired the meeting. I am informed by learned Shri Gian Prakashji that the Prime Minister then had to take recourse to yet again advising his own Commerce Minister to do what was already decided upon. I do not know who is responsible for this. Is the Prime Minister responsible? Is the Commerce Minister responsible or the learned Shri Gian Prakashji has found only the Minister of State for Food responsible? Shri Gian Prakashji found it easy to find fault with the Minister of State for food, but not with the totality of the cabinet, not with the Prime Minister, not with any Cabinet Minister, not even with the Cabinet Committee on Prices.

On 15th of May, that is two days or the day, I think the Prime Minister was leaving for abroad, I was informed through releases by the former Cabinet Secretary, through various sources that the Prime Minister himself took the Cabinet Secretary aside and told him in the presence of certain other officials that you had better look after this matter of sugar import. The Cabinet Secretary intervened and advised the Food Secretary. That is the extent of confusion in this Government. A decision had been taken under the Prime Minister's Chairmanship, but that decision was not implemented. The Cabinet Secretary on the supposed instructions of the Prime Minister, a month later started altogether a new channel of import and advised the Food Secretary to start importing sugar through the FCI. The Minister of Food returned to Delhi and cancelled that tender. That tender was floated by this Government, I

think, in a period of one day or two days. I do not know in how many days. But it shows exemplary efficiency, it shows of very uncharacteristic stand where everything else preceding this particular despatch has been sluggish in the extreme, lethargic and irresponsible. Suddenly, this Government was galvanised in floating a tender within 24 hours or 48 hours or whatever that was this cancellation of the tender by the hon. Minister of State for Food finally makes this whole controversy erupt in public mind. It became necessary for me to highlight the broad aspects of all this because unless we recollect what had happened, we would be groping in the dark, in confusion that this Government has deliberately spread.

What were the terms of reference of the Committee that was appointed because this matter then becomes a question of high public importance, public outcry with sugar becoming expensive.

MR. SPEAKER: How much more time will you require?

SHRI JASWANT SINGH: If I have to do justice to this task, I will require another three quarters of one hour. If you direct me, I will sit down at this point of time because I recognise your observation that we have fixed two hours for this discussion. I cannot say unlimited time, but I recognise the time limit.

MR. SPEAKER: You take as much time as you want.

SHRI JASWANT SINGH: The demand inside the Parliament was not for any administrative enquiry; that was not even an answer to the concern of the Parliament; that is not even an answer to the public outcry against this particular wrong that had been inflicted on the country. That answer would have been prompt and immediate and more effective enquiry. The Prime Minister, in his wisdom, chose to have an administrative enquiry.

Why did he choose the administrative enquiry? I would like to know from the Government. We have not had a chance to query the Government on this because our concern was raised in the House and thereafter the House was not in session. Why did he choose this secretive route of an administrative preliminary enquiry? Was the problem only preliminary or was the problem so small that it merited only a preliminary administrative look into what had happened or what had not happened? We would like to be enlightened on this aspect.

The terms of references of the Gian Prakash Committee report perhaps will take unnecessary time. They are now the knowledge of this House. But they were explicit, nevertheless they were limited. The Gian Prakash Committee finally gives its findings and it makes certain observations about the causes and consequences. These causes and consequences merit a very brief reference to this had been reported and the Prime Minister has also said the causes of the crises were firstly unreliable and inflated estimates.

My query to this government is who is responsible for this unreliable and inflated estimates? Is the Government responsible? Are only some officials responsible? Who in the Government is then responsible for this unreliable and inflated estimates? Even the Minister of State, purporting to

[Shri Jaswant Singh]

report to Parliament on behalf of the Parliament, has not denied this particular conclusion.

I will come to the Statement of the Government in a minute as to who is responsible for this unreliable and inflated estimates, which lie at the route of this whole problem. Is this the only instance of unreliable and inflated estimates? If this is an example of the statistics of this Government, which other statistics are we to believe?

Secondly, mismanagement of available surplus stock and releases. Who is responsible for this mismanagement and why was this mismanagement permitted?

Thirdly, as I have catalogued earlier, delay in decision of import and fourthly, delay in implementation of that decision. Fifthly, poor coordination. Who is responsible for coordination?

We are functioning in a Cabinet system of responsibility and in that Cabinet system of responsibility, if learned Gian Prakashji has found fault with the civil servants—a former Cabinet Secretary for not having coordinated with other Secretaries and other Ministries—is it not the responsibility of the Prime Minister himself, more particularly when he had chaired a meeting to have ensured that coordination takes place? Is it not the responsibility of the Prime Minister himself to have ensured that at least the decisions that he took are implemented? Is it not the responsibility of the Cabinet Committee on Prices to have ensured that what they were seized with a responsibility was to look to overseeing, a responsibility towards managing prices? Was it not their responsibility to ensure that proper coordination took place?

We have then a statement from this Government, which was the first official statement that this Government gave. In that statement, not one of these consequences has been denied by the Government. They do say—I am quoting now the statement, earlier I was not quoting the Gian Prakash Committee Report, I was only referring to it—that “this will raise”, this begs the question; “identify the causes of the situation, which I have listed, administrative lapses in the handling of the situation, which I have listed.” The statement itself is therefore, implicitly not rebutting any of the conclusion that Gian Prakash Committee has established. But there is a strange observation that this report makes and that begs question.

17.00 hrs.

This statement says:

“this enquiry has not investigated any question regarding lack of integrity on the part of any individual”.

Why did this gratuitous observation have to be made, I am unable still to understand because it has a direct linkage...[Interruptions]

SHRI SAIFUDDIN CHOUDHURY (Katwa): Lack of integrity of the collectivity...[Interruptions]

SHRI JASWANT SINGH: Well, I do not know, Saifuddinji, even the lack of integrity of the collectivity seems to be gravely in doubt because thereafter the statement itself in its concluding paragraph says:

“lack of confidentiality of deliberations/decisions

regarding imports is also said to have raised international prices, leading to avoidable increase in import costs.”

They do not deny it. The Government has yet not denied that this lack of coordination and delay in implementation and above all and most importantly, lack of confidentiality about deliberations. The word used here is “deliberations/decisions” and I am sure that this particular statement has been vetted by many brains before it was made to the Parliament. Deliberations means even the consultations, even the discussions with the Government, the innermost portals of this Government, those deliberations relating to sugar were not treated as confidential and they reached across the seas, across distant shores to wherever, resulting in grave loss to the nation.

Again it says:

“Similarly in respect of domestic industry, there is reference to unjustified reduction in releases even when prices were rising, thus fuelling further increase of prices.”

This is the only indirect charge that this statement is making. It is making a charge and yet it is making as if it half-voiced, half-hearted, as if it does not have the courage to make the charge. In the statement being made by the Prime Minister's Office, on his behalf, a charge is being made implicitly, this charge, I might say, is directly against the Minister of State of Food and the Minister of State for Food owes it to this House, even if he does do it for his own sake, because this is a charge against him by the Prime Minister's Office and it has been asserted, the only charge that has been asserted in the statement, “in respect of domestic industry, unjustified reduction and releases even when prices were rising thus fuelling further increase in prices; the extra margin benefited only the mill owners.” Having said all this, Sir, having accepted a great deal of wrong, the hon. the Minister of State in the Prime Minister's Office suddenly comes to a conclusion and puts that conclusion in the mouth of the hon. the Prime Minister, that because the report was not originally entrusted with looking into aspects of corruption, and it does not mention it, therefore, suspicion of *mala fides* on the part of anyone are not established. I would like to know, Sir, on what basis, through what process, through what enquiry, has the Prime Minister come to that conclusion? Despite all the wrong that has taken place that there was no *mala fides* on anyone's part? How has this decision been reached? It is not a question that I am addressing about one Minister or another Minister. I am addressing about the methodology employed by the Prime Minister to come to this conclusion. We have no access. The Prime Minister was good enough here to say that he sought explanations or clarifications from his colleagues and his colleagues provided him with explanations and on the basis of these, he is now satisfied that there are no *mala fides*. Sir, this is a very stretched argument. I might well be accused by the hon. the Minister of State for Food that what I am saying is *mala fide*. And all that I have to do is to write him a letter and say, “Dear Shri Kalp Nath Rajji, you are wrong. My intentions are not bad.” This is not the way, Sir, either to

establish *mala fide* or to deny their existence, particularly when very high issues of public importance are involved.

Sir, I could go on. But I am mindful of the time that has been taken.

I will now go to some specifics.

Firstly about the estimates proper because the starting point of the trouble really arises because the estimates were wrong and if the estimates were wrong, then everything else as a wrong flowed from that original estimate error. I make only a reference—I am not quoting from it—to a page in the Gian Prakash Committee Report and those who have an excess to it which the Government does will no doubt...(*Interruptions*). There is a difference between reading and understanding or comprehending and thereafter acting.

I would like to refer to a particular observation of learned Gian Prakashji wherein he suggests that there was already a delay in taking a decision and the urgency in making sugar imports was not brought to the notice of the Chairman, CCP. During this period neither the Minister of Finance nor the Minister of Food, nor the Ministry of Civil Supplies, nor the Cabinet Secretary brought this fact of delay. To the notice of the Prime Minister, I find this is a very convoluted observation. I do not know what the learned Gian Prakashji is trying to get at, who is he trying to find fault with and who is he trying to cover? If there was a delay in taking the decision how is it possible that the Chairman of the Cabinet Committee on Prices remained unaware of this delay in taking an action, about his own Committee? How is it possible that...

SHRI SOMNATH CHATTERJEE (Bolpur): This is India called *Bharat*.

SHRI JASWANT SINGH: How is it possible, Shri Somnathji, that while all this is happening, the Prime Minister as the Head of this Government and responsible to this country remains totally ignorant. I really would be grateful if in their reply the Government enlighten us on this particular aspect.

Now, I want to reflect on poor coordination. The learned Gian Prakash finds fit to observe that prior to the decision of the Prime Minister, different Ministries and organisations were steadfastly adhering to their own departmental views. Then, comes an interesting observation. A joint approach towards solution of this problem was not evident. Not evident on whose part? Who was not jointly bringing forward a solution and whose responsibility was it to bring about such a solution? I think, the Minister of Finance was entirely within his right to say: I am not going to give you Rs. 650 crore that you need as subsidy, if you wish to import this sugar for the PDS because he has publicly said so. He had denied the subsidy to the State. States clamour at his door and he says, "No, I will not give you any subsidy." The Departments go to him; the Ministry of Defence goes to him and he says: "I am not going to give. "What was so new in the Minister of Finance saying that I will not give you Rs. 650 crore, which you need as subsidy. Who was required to act then? Not the Minister of Finance. He was fulfilling his duty his *Swadharma* as he saw it. What was

required was action by the Prime Minister. It was for the Prime Minister to take action. ....(*Interruptions*).

SHRI SOMNATH CHATTERJEE: What was the *dharma* of Shri Kalp Nath Rai? ....(*Interruptions*)

SHRI JASWANT SINGH: It was the Prime Minister's *Rajdharma* at that stage to intervene to get his ministers together and to say, "No, I overrule my Finance Minister. I will find Rs. 650 crore. You go ahead and do it".

Let me proceed further, Sir. I shall now go on to this very worrisome aspect of the observations made by learned Gian Prakash Ji. I think somewhere here the entire philosophy of governance is being destroyed. It bears the repetition to say that if this Assembly or the other House or the other Legislative Assemblies, do not make observations, do not pass strictures against civil servants, it is to protect and preserve the inviolability of the civil servants, because civil servants cannot stand up here and answer for themselves. It then becomes necessary for the political leadership to stand up for the civil servants to accept responsibility and to say that I am responsible for whatever has happened in my department, not my Secretary; I am accountable to this Assembly, not my Cabinet Secretary. And it is in that light that I point out to you an observation that is made by learned Gian Prakash Ji; "The inter-ministerial coordination for effective implementation of the decisions of the Cabinet or its sub-committees can only be ensured by the Cabinet Secretary". It is wholly wrong that it can be ensured only by a one Cabinet Secretary or another. And I wish to place it on record that I find great wrong with a former Cabinet Secretary in releasing all kinds of documents wholesale. That is a very grave wrong that is being Committed because the institution of Cabinet Secretary, in that sense, will for ever be finished in this country. We cannot afford to do it. And if it is happening, the Prime Minister is responsible, because he has not stood up for his own Secretary, he has not stood up for those that acted on his behalf. This is true and we cannot take it lightly. The former Cabinet Secretary—and it saddens me to have to observe this—is in error to be doing what he is doing. But then what is he to do? Not one member of this Government has stood up. They appointed him as Cabinet Secretary. Not one of them has stood up and said that these were the decisions taken because we ordered the decisions to be taken. That is why with great sadness I say that in this Government, it appears, so deep or pervasive is the moral decay that the buck does not travel upwards, it seems to travel only downwards, until it reaches the lowest level. And this is the most distressing aspect. Of course, we politicians have nearly destroyed the political structure of our country. I have had the honour of wearing uniform of this nation at one stage and I say this with a great deal of humility that we are very close to destroying the entire civil service structure of this nation. In all these terms in Parliament or all the years that I had the honour to serve the army, I have never known this kind of knifing. We, the politicians are constantly knifing each other, but I have never known civil service knifing each other publicly. It is the most distressing aspect of this whole episode and there is no price that you can put on this kind of decay that

[Shri Jaswant Singh]

has taken place because this is like a growth that will hollow out the structure of our governance. Who is responsible for this? Only the Prime Minister. Because if the Cabinet Secretary is responsible for coordination, etc., then certainly the Prime Minister too is responsible for telling his Cabinet Secretary what is to be done or what is not to be done.

Now, Sir, What are the identified lapses? The Cabinet Committee on Prices is one identified lapse. The Cabinet Secretary is yet again found fault with. The Cabinet Secretary in the Prime Minister's Office is yet again found fault with. And, above all, the matter of confidentiality is another lapse.

Who are responsible? As per Learned Gian Prakashji's Report, the Minister of Food is responsible. As per his Report, the State Trading Corporation, as a Corporation, is responsible; but the Minister of Commerce is not responsible. Is the State Trading Corporation not a part of the Ministry of Commerce? Is the S.T.C. an autonomous organisation? Does the Minister of Commerce not have a responsibility to the Cabinet? What was the Minister of Commerce doing when surely his Ministry which deals with trade and which ought to have a finger on the daily fluctuations virtually of the commodity market globally was involved? Surely, he should have known that something extremely volatile is taking place in the forward or the spot trading so far as sugar markets went. This is a routine exercise that any Minister of Commerce, any Ministry of Commerce, and certainly, Sir, of a great country like India is to do. We are not a small nation of petty traders. When this country enters the market for sugar, sugar is bound to go up internationally. I would be disappointed if India went international to buy sugar and the world markets did not react. They have to react because we are talking about sugar consumption for a population of 850 million people. We are talking of a country of the size and greatness and strength of India. Of course, international markets should be effected. And the Ministry of Commerce is silent. The Ministry of Commerce does not know what is taking place.

And the Learned Gian Prakashji transfers the responsibility to State Trading Corporation and some poor Managing Director there who does not want his scalp or his head, on parliamentary table because he says: if I take this decision, then you will tomorrow find fault with me or the Public Accounts Committee will get after me. Yet again the political leadership is answerable.

I have explained earlier that the Government's statement itself accepts the lapses. The only Minister—without naming him—that the statement finds fault with is the Minister of State for Food. It is upto the Minister of State for Food to either share with the Parliament what he feels; what is the truth and what are the facts or not .....(Interruptions) It is upto him either to clear his name or let his name in perpetuity be covered with this tan of wrong doing .....(Interruptions) I am astounded at this statement. I am truly astounded at this statement by the hon. Minister of State of Prime Minister's Office. I have very high personal regard for the Minister of State. We both belong to the same State. ....(Interruptions)

SHRI SOMNATH CHATTERJEE (Bolpur): Do not make him the target.

SHRI JASWANT SINGH (Chittorgarh): I am not making him a target.

SHRI SOMNATH CHATTERJEE (Bolpur): He is a good man. He was not even consulted.

SHRI JASWANT SINGH (Chittorgarh): I will censure him in his functional capacity.

What are we to make of this statement; What we are being told through this statement is that no one is responsible for what is happening. All of this has happened accidentally. They seem to have learnt a great deal from my respected colleague and friend, the hon. Minister of Finance who devised a phrase which has now become a current political cliché—"systems failure". ...*(Interruptions)* it appears that in this Scandal also nothing else has happened but a systems failure. And in this systems failure the Prime Minister introduced a new element of parliamentary jurisprudence. Yesterday he enlighten this House. ...*(Interruptions)* yes, accountability; but accountability only if there are malafides; if there is culpability. ...*(Interruptions)* This is what he has said. ...*(Interruptions)*.

MR. SPEAKER: You distinguish 'culpability' from 'accountability'.

SHRI JASWANT SINGH: I beg your pardon Sir.

MR. SPEAKER: When Shri Somnath Chatterjee and others were talking, he distinguished 'accountability' from 'culpability'.

SHRI JASWANT SINGH: Sir, I am intrigued by this distinction that is being attempted to be made between 'accountability' and 'culpability'. ...*(Interruptions)*

SHRI SOMNATH CHATTERJEE: Sir, he made the difference; but he also said that Shri Kalpnath Rai has discharged accountability. This is the joke. ...*(Interruptions)*

MR. SPEAKER: I have to decide in the House whether you can instigate the Members now.

...*(Interruptions)*

MR. SPEAKER: I am intrigued. I must, in all honesty, admit to a total bewilderment at the hon. Prime Minister's words. He is a man of great learning, and great seniority of years. Every word that he expressed is pregnant with meaning. Every word that he utters whether here or elsewhere is pregnant with meanings that either drip out of it or that are contained in it. Therefore, if the Prime Minister chose to explain accountability conditional upon *mala fide* and culpability I am intrigued. *(Interruptions)* Did he not say that here? Sir, I would be happy if the Prime Minister comes here and say did he actually say.

MR. SPEAKER: We can read the record.

SHRI JASWANT SINGH: Reading the record would not suffice, Sir, because I could be suffering from the same debility as my colleagues in the Cabinet are, I could read it and yet not comprehend what the Prime Minister has said.

MR. SPEAKER: All right. You can put your own interpretation on it.



**SHRI JASWANT SINGH:** Sir, what are the issues? The issues are of ministerial responsibility. The issue, a very important issue, is that of the role of civil servants, and I do not wish to refer here to one civil servant or another, but it is the totality of the role of civil servants which I would like to refer to, also this unedifying spectacle of a Minister and his Principal Secretary feuding. What is the role of the Prime Minister's own Secretariat? I am also concerned, as an issue, about the Cabinet Committee on Prices and what responsibility it has on this entire matter. I am concerned about what the Cabinet has as responsibility to the Parliament, and what the Prime Minister owes as responsibility to this House.

Sir, I will conclude now. We would like to know from the Government as to how much sugar was imported through the Public Distribution System. How much sugar was imported on Open General Licence and by which firm was it imported? Is it true that in the Open General Licence or through the Public Distribution System there were some particular firms that were more favoured than others? Will the Government answer my charge that between January and March knowledge about impending import of sugar in this country was made known to certain select firms, causing at a minimum a loss of anything from 750 million to 1,000 million dollars to this country? If you calculate, Sir, that works out roughly to 120 lakh tonnes of sugar which is consumed internally in the country, and out of that 120 lakh tonnes, 60 lakh tonnes are roughly the amount that was consumed in this period of six months when there was a sugar scandal rampant in the land; then, roughly Rs. 6,000 crore is the amount that the consumer has had to pay only at a difference of Rs. 10/- per kg. I would be very happy if somebody more educated on figures like the hon. Finance Minister let us know, in his reply, as to what was the total amount that the Indian consumer actually had to pay and of that actual 6,000 or 5,000 crore of rupees, how much reached where? This is very important, Sir, because this information is now circulating and this is the next time bomb. If the Government does not share all this information with us, then when it comes to the Government replying surely we will light the fuse of that time bomb. ...*(Interruptions)*.

Sir, I was very struck by the hon. Prime Minister's Address to the U.S. Congress. When he had gone there, he made some really very moving observations and if I recollect right, he said that we, political beings, are transitory beings. We are here today, gone tomorrow. The nature of political life is transitory.

**MR. SPEAKER:** The nature of life is like that.

**SHRI JASWANT SINGH:** Sir, I was very greatly touched by that sentence.

I remind him of that sentence. He also said another very moving thing in that address to the US Congress he is perhaps amongst the few other than my leader and President, Shri Atal Bihari Vajpayee, amongst many other like Shri Chokka Raoji and others who struggled for Independence. That is very moving. he said, "I belong to that generation". Atalji belongs to that generation, Chokka Raoji belongs to that generation. We struggled for Independence. They are in that lucky generation that saw

the fruition of their struggle and the nation became Independent. I think, those that saw success reward their endeavours of that kind of struggle are very lucky beings. Sir, the Prime Minister is thrice lucky because having struggled, seeing success dawn upon that struggler he is now entrusted with the responsibility of guiding the ship of this nation as a free nation. That is why, Sir, when I make appeals to the Prime Minister—I do not make appeals lightly, I am much junior to him in years, in experience and he holds a very high office, his high office and the conduct of that high office is synonymous with the good name of my country—I appeal to him for the sake of India, for the sake of India, recognise what you had said in the US Congress, before causing any further damage, please leave, please accept the responsibility and please resign. The responsibility for this is of the entire Cabinet, The responsibility for this is not of one single Minister, The dimensions of this particular scandal are not to be measured in rupees, annas, pies or in sugar and salt. They are to be measured and history will measure them, Sir, only in the good name of India. That is why I make appeal; that I do to the Prime Minister.

**SHRI MANI SHANKAR AIYAR (Mayiladuturai):** Mr. Speaker, Sir, I would like to begin by paying tribute to Shri Jaswant Singhji for what has been a very cogent and very pertinent presentation of his points. I am sure what he has to say will influence the Prime Minister's decisions even as I hope what I have to say will also make its small contribution to the decision that the Prime Minister will take. I say this, Sir, because we are not debating this issue in a vacuum.

We have before us two very import documents. One, of course, is the Gyan Prakash Committee Report. I would like to stress that we have the whole of the Report before us. We do not only have Chapters five to seven on which most public attention has been concentrated, most media attention has been concentrated and most attention by politicians represented in this House is being concentrated outside of the House, but there are also Chapters one to four and before we can make a decision or a recommendation about the implications of what is stated in Chapters five to seven (the concluding chapters) we do need to see what has been stated in the first four chapters as well.

The second very important document we have before us is the assurance which the Prime Minister gave on the floor of this House yesterday that he would take action within a week, based on the proceedings of this debate. That is why, I think, Shri Jaswant Singh's contribution is so important because we have a prior assurance that what he has to say will influence the Prime Minister and that is why I express the hope that what I have to say will also influence him. We are moving towards action based upon this debate. It is this which invest this debate with a very special importance. I do need, however, Sir, to clarify that the Prime Minister exonerated no one yesterday. He did not exonerate anyone. He said he wanted to hear from us before deciding who was wrong and why that person was wrong and at the same time he did make the assertion that on the basis of the information available to him from the

[Shri Mani Shankar Aiyar]

Gyan Prakash Report he was not in a position to say that anybody's *mala fides* had been established.

I believe that the Prime Minister is perfectly right in saying that on the basis of information available to him in the Gyan Prakash Report, no *mala fides* has been established for the good reason that they could not have been established. As Shri Gyan Prakash has taken great care to point out at the beginning of his Report, he was not mandated to deal with the issue of corruption. He was asked to specifically concentrate on issue of administrative dereliction. He has done so. Therefore, on the basis of his Report alone, we would not be in a position to claim that *mala fides* have been established.

On the other hand, I would wish to very quickly rush in with the further clarifications that it is possible to link administrative dereliction with corruption. But for that link to be established, for that nexus to be established, we either need to proceed against the person concerned under the Indian Penal Code and the Criminal Procedure Code or we would need to establish a judicial enquiry under the Commission of Inquiries Act, 1954. Until then, all that a report dealing with administrative dereliction can do is to provide *prima facie* grounds. It cannot be said to establish *mala fides*. And what *prima facie* ground can be adduced? I think, one, an administrative enquiry can establish *prima facie* grounds for criminal culpability. I also believe that administrative dereliction can establish a political ground for political action. Now whether the Prime Minister moves only in the political area to take political action on political grounds or wishes to go further to establish a judicial commission or some other established procedure for establishing culpability, I think, would depend upon the extent to which the Members of this House are able to establish that the Gyan Prakash Committee Report does, in fact, enable us to talk in terms of *prima facie* grounds of corruptions. I personally, having read that Report, have not been able to establish, in my mind, *prima facie* ground for linking administrative dereliction with corruption, but I remain completely open to listen to other Members of this House who will be speaking after me to establish such a ground.

But there is, I believe, political ground for political action that has been established in the Report. I believe that in doing so, we need to identify in this debate, nine grounds on which we will have to consider what further political action is to be taken.

First, the methodology of estimates. As pointed out by Shri Jaswant Singh, this is the root of the problem before us the estimates problem. And the first of the problems identified by Gyan Prakashji is the methodology adopted for preparing estimates.

Second is that Gyan Prakashji has established that there were many changes made in these estimates. Third, that he claims that the policy adopted, particularly by the Minister of State for Food had a thrust which favoured industry at the expense of the consumers. Fourth, says the Report, there was a refusal for too longer a time to countenance any imports. Fifth, that after the decision to make imports was taken, there was a delay in actually

effecting the import. Sixth, all these impacted on (a) the issue price of levy sugar; and (b) the market price of free sale sugar.

Seventh, all this had an impact on the cost of imports and there is the related issue, as raised by Shri Jaswant Singhji, of confidentiality.

Eighth, there were disruptions in the process of release of free sale sugar; ninth and finally, what, I think, we may call the FCI muddle.

With your permission, I would like to briefly address myself to each one of these nine points. First and foremost is the estimates, the methodology for arriving at these estimates has been faulted.

But I think it would be only fair to say, on the basis of what is written in the Gyan Prakash Committee Report, that the methodology adopted by the Minister of State for Food and the Ministry of Food was no different to the methodology that has been in existence for a very long time. So much so, in the Sixth Lok Sabha, (and I give this nugget of information not out of any kind of encyclopaedic knowledge of Parliament on my part, but simply because it is written there in black and white in the Gyan Prakash Committee Report, that is in the Lok Sabha that lasted between 1977-79 and was, in fact, a Lok Sabha in which some of the gentlemen who are today in the Opposition were then on the Treasury Benches, that Lok Sabha's Public Accounts Committee faulted the methodology adopted for predicting what was going to be the sugar-cane output. We have gone through the Seventh Lok Sabha, the Eighth, the Ninth and now we are in the Tenth. In the process of all these close on 20 years, the basic methodology for establishing what is going to be the output has not significantly changed. Therefore, even if Gyan Prakashji has overtly faulted Shri Kalp Nath Rai for following a particular methodology, he has implicitly faulted all of Mr. Rai's predecessor's for the last close on 20 years. He has said that whoever was the Food Minister in Shri Morarji Desai's Government made the same mistakes of methodology; whoever was the Food Minister in Shri V.P. Singh's Government, he has also made the same mistakes of methodology; whoever is the Food Minister in Shri Chandra Sekhar's Government, he too made the same mistakes of methodology; and of course, whoever was the Food Minister in Shrimati Indira Gandhi's second Congress Government and in Shri Rajiv Gandhi's Government also made the same mistakes of methodology. Now, I think, all of us would agree, and most of all, Shri Kalp Nath Raiji himself would agree, that he is no great economist, he is no great econometrician, he is no great expert on these matters; his biggest fault was that he continued to follow, in his time, the methodology which many of his predecessors, many of whom, he himself would say, were more distinguished than himself, were following. So, let us ease put the fault of methodology; that has been laid at Shri Kalp Nath Rai's does in the right perspective. There was no difference between that methodology and the methodology that has been adopted for, at least, the last 20 years.

Equally, Sir, the key elements of that methodology

need to be understood as stated in the Gyan Prakash Committee Report. One is that there is a primary reliance on the Ministry of Agriculture. Now, I think, it would have been a bit excessive of a junior Minister, like the Minister of State for Food, to say that he is not going to accept the methodology of a senior Cabinet Minister — the Minister of Agriculture — and devise his own methodology. So, it has to be seen in perspective that even if the methodology was wrong, whether it was really within the province of a Minister of State in, what is a department rather than a Ministry, the Ministry of Food, to change the methodology of relying primarily on the Ministry of Agriculture.

Secondly, Sir, Gyan Prakashji quotes directly, in his Report, from the findings of an expert group set up by the Indian Council of Medical Research about what is the requirement of sugar in this country. Since I am not allowed to quote, Sir, and I can only refer, I am referring as extensively as I can to what the ICMR expert group said which is quoted in the Gyan Prakash Committee Report. There, these ICMR experts, medical experts have said that on the basis of RDI for sugar jaggery, we need 30 grams per capita per day, that is, 96 lakh tonnes of sugar and approximately an equal tonnage of *gud* and *khandasari*. Therefore, the ICMR experts say, as quoted in the Gyan Prakash Committee Report, that a production level of 110 lakh tonnes of sugar and 90 lakh tonnes of *gud* and jaggery is, forgive me, Sir, I must quote this word 'adequate'. The word 'adequate' is not mine; it is the word used by the ICMR. They then go on to say and with your permission I would just like to read this out specifically:

The ICMR experts say:

"Thus—please note the word 'thus' — there appears to be generally no shortage of sugar, rather there is a genuine surplus."

I am afraid that I would have been extremely upset with our Minister of State for Food who does not have a medical degree, who cannot claim any expertise in this field, if he were to get up and say that when production of sugar in India is in excess of 96 lakh tonnes, we must make no effort at controlling consumption and we must feed consumption by imports, whatever the cost of imports. Since the point has been made and raised by the experts themselves in so significant a manner, I think that since it has actually been quoted in the Gyan Prakash Committee Report, whatever the Prime Minister decides to do about this methodology of estimates, which the Minister of State for Food adopted, he should bear in mind that the methodology was no different to the methodology of the last 20 years and that the general approach of the Minister of State for Food was based upon strong medical advice that was given which has very very serious economic implications.

I do not ask at all that the Prime Minister exonerate Shri Kalp Nath Rai. But I do ask that, in all fairness, he must bear both these factors in mind before deciding how culpable or at least how accountable is Shri Kalp Nath Rai and what is the quantum of punishment that he deserves to have meted out to him.

Secondly, the charge is that the estimates kept changing. There is no denying the fact that the Minister of

State for Food stated in November, 1993 that expected output was adequate.

In December, 1993 one month later, he reiterated that output was adequate.

But then, on the 24th January, 1994 Shri Kalp Nath Raiji changed his tune and said that output was not adequate.

Therefore, the germane question to ask is, what happened between December, 1993 and the 24th of January, 1994 to make Shri Kalp Nath Rai change his mind.

Before I come to the answer to the question, I would also wish to point out that it is stated in the Gyan Prakash Committee Report that in October, 1993 the Indian Sugar Mills Association estimated that our production would be 110 lakh tonnes and on the 7th January, 1993 ISMA estimated that our production would not be 110 lakh tonnes but that it would go up to something between 111 lakh tonnes and 112 lakh tonnes. But by March, 1994 ISMA had changed its mind and made its estimate drop from 111 lakh tonnes to 98 lakh tonnes.

Therefore, it is not only circumstances that are making Shri Kalp Nath Rai change his mind. It is also circumstances that are making ISMA change its mind and, while all this is going on, there is a third fact adduced in the Gyan Prakash Committee Report, which is that actual sugar production in India in October, 1993 increased not by a margin but by 21 per cent in the very month in which the Cabinet Committee on Prices first ordered Shri Kalp Nath Rai to make an indepth study. Nearly more than a one-fifth increase in sugar production was recorded in the very month in which some people thought that a crisis was coming upon us and others thought there was no crisis coming upon us.

In the following month, November, 1993, again according to the Gyan Prakash Committee Report, the output went up further by another 16.3 per cent.

In October and November, when Shri Kalp Nath Raiji is saying that the outlook is good, the industry is actually producing not merely some more but very much more — 21 per cent in October, 1993 and 16.3 per cent in November, 1993. The fall begins about the same time as Shri Kalp Nath Raiji changes his mind and as ISMA changes its mind.

Because production falls, for the first time, in February, 1994 by 1.7 per cent and by May, 1994, production has fallen by as much as 10 per cent. In other words, Sir, between the situation that obtained at the end of December, 1993, the beginning of January, 1994 and the end of January, 1994, there was something that happened which materially altered the outlook for sugar. That major event, which has been glancingly referred to in the Gyan Prakash Committee Report but has simply not been elaborated upon for reasons I personally find unfathomable, is that the Uttar Pradesh Government under the leadership of the Chief Minister Shri Mulayam Singh Yadav withdrew a very important regulation that had existed in Uttar Pradesh for years before that regulating the transfer of sugar cane from mill-owners who are

[Shri Mani Shankar Aiyar]

producing refined sugar in favour of those who are producing *gur*, *khandasari* and jaggery—the word varies in different parts of the country. That was a very very important decision because it was taken in the State that makes the single largest contribution to sugar cane production in India. I want to clarify at a personal level that I support the decision made by Shri Mulayam Singh yadav because the poor people of this country eat *gur*, *khandasari*, and *jaggery*. It is the richer elements of our society that eat refined sugar. And, therefore, I am not faulting Shri Mulayam Singh Yadav. I am supporting him. But in supporting him, I would like to bring it to the attention of this House that it is impossible with a given stock of sugar cane to give more for *gur* production withoutless for sugar production. You cannot have both with a given stock. It is this change, the decision of the Mulayam Singh Yadav Government in Uttar Pradesh to allow much more sugar cane to go for *gur*, *khandasari*, that has been traditionally the case that resulted in a total change of outlook for refined sugar in the State.

As soon as that change took place, there are three important players in this game who changed their mind. One, Shri Kalp Nath Rai, who, by 24th of January, 1994, according to the record, the record placed before us by Shri Gyan Prakash, says: "I change my mind. We need to import." Second, ISMA which says: "No, my previous estimates are wrong. Now that so much sugar is going into *gur*, and *khandasari*, there is no way in which we can attain the target which we thought was feasible one month ago". And, thirdly, the sugar industry itself demonstrates that owing to shorter arrivals of sugar in their factories, sugar production starts declining. Sir, how can the Minister of State for Food have known in December, 1993 what Shri Mulayam Singh Yadav would do in January, 1994? Before we rush to judgement, I ask how could ISMA have known on the 7th of January, 1994 what Shri Mulayam Singh Yadav was going to do a few days later in that same month of January, 1994? Before we even begin the exercise of attempting to establish the Minister of State for Food's accountability for the sugar crisis or indeed his criminal culpability for what happened five months later, I think, in all fairness, we must evaluate the contribution to the sugar crisis made by Shri Malayam Singh Yadav's decision.

Sir, I have already said that I do not fault Shri Mulayam Singh Yadav. And, I will explain, in a few minutes, why I support that decision personally, whatever my Party's opinion on that issue might be. But, I think, we have to ensure that since Shri Gian Prakash has failed to take account of the significance and implications of Shri Mulayam Singh Yadav's decision, our Prime Minister will have to take account of this before he determines the quantum of punishment to be inflicted on the Minister of State for Food.

The third issue to which I wish to address myself, Mr. speaker, is the obvious thrust in Shri Kalp Nath Rai's policy in favour of the sugar industry.

It is, I think, repeatedly made clear in the Gian Prakash Committee Report. It is Shri Gyan Prakash

himself who lists three objectives of sugar policy in India, a policy that has been essentials followed by every Government we have had of whatever party. First, that there must be a fair price to growers. This I think, is Mulayam Singhji's priority. Second, that there must be reasonable profits to industry which, I think, is Shri Kalpnath Raiji's priority. And third, continuous availability at reasonable prices to consumers which apparently seems to be the priority of this House. There are three objectives. They are not compatible objectives. There is a conflict of interest between the producer, the consumer and the farmer. Therefore, it is necessary for every Government every year to establish a balance between the three competing demands, each one of which is important, priority being a question of preference. And it is Shri Gyan Prakash himself who admits at page 50 of his Report that there has never been a logical system." The two words are taken from his Report. There has never been a logical system of balancing the interest of farmers with the interest of consumers, with the interest of producers and the interest of traders. It is nothing new. We have had the problem and we shall always have it. I think, Dr. Manmohan Singh in his capacity as a Professor of Economics would, if required, be able to tell us how all the science of economics is based upon choice. You have to chose between alternative ends when you have got limited means. That, at any rate, was the first paragraph of economics that was taught to me. We are stuck with the problem here: How do you balance the interests of all these competing groups? I would suggest that while there is no doubt that in determining his priority as between these competing objectives, Shri Kalpanth Rai, to my mind, clearly demonstrated his preference for favouring the industrial producer at the cost of at least one section of consumers. What we need to do now is how to decide or at any rate, what the Prime Minister needs to decide is: How heavily is he going to punish a junior Minister of his for not achieving a balance which none of his predecessors have established? There is no dogma; there is no doctrine, there is no consensus. These balances change from one Minister to another. And even neither the Morarji Government nor the V.P. Singh Government nor the Chandra Shekhar Government ever gave us a magic formula on the basis of which the balance has to be struck. I personally fault Shri Kalpnath Rai for not having struck the right balance? But before we hold him to be indicted, before we get up and say, punish the man, I would like to say, please punish him bearing in mind that none of his predecessors has been punished for the same fault.

I turn now to the fourth important point made in the Gian Prakash Committee Report which is that the Minister of State for Food refused to countenance imports. The fourth point to which I wish to address myself is the charge in the Gian Prakash Committee Report that Shri Kalpnath Rai refused to countenance imports. Now Shri Gyan Prakash says that the refusal of Shri Kalpnath Rai was limited in writing to a total of 49 days from the 6th of December 1993 to the 24th of January, 1994. For a total period of 49 days, Shri Kalpnath Raiji refused in writing to countenance imports. From the 24th of January, 1993 in writing at any rate, Shri Kalpnath Raiji was in favour of imports. The number of days when he was in favour of

imports and a decision to import was not taken and an actual import was not effected was nearly three times larger than the number of days for which in writing he refused to countenance any imports.

If he is to be punished, I think he should be punished for 49 days of not countenancing imports. If he is to be exonerated, then he needs to be exonerated bearing in mind that for at least three times that period of time he was in writing at any rate in favour of imports. I have to stress this distinction between writing and orally because according to Shri Gyan Prakash, Shri Kalp Nath Rai's opposition to imports continued indefinitely. According to Shri Gyan Prakash, the Minister of State for Food was at the meeting of the CCP on the 9th March 1994 "not enthusiastic" about imports. Elsewhere Shri Gian Prakash, whose Report is faulty-I entirely agree with Shri Jaswant Singh; the man, the Comptroller and Auditor General was an IAAS man rather than a Foreign Service man; perhaps that was the reason-in the Report, referring to the same thing, he changes his wording. He does not say that the MOS, Food was not enthusiastic, he says, the MOS, Food was, "vehemently opposed". Now we have a situation here where a junior minister of the Government is either "not enthusiastic" or "vehemently opposed" to imports. What happens? He is overruled. He was overruled on the 9th of March, 1994. The decision taken was in accordance with his written position. If his oral position was one of vehemently opposing, the other two Ministers in the CCP told him in effect that he could hold his views, but his views were not those of the Government of India.

If, therefore, he was in fact overruled in March 1994, could he not have been overruled in December 1993? Of course, he could have been. But he was not. And the reason he was not was that it was not as clear, the imperative to import was not as clear, in December 1993 as it was in March 1994. I think the great mistake that Shri Gian Prakash has done is to exaggerate the importance of Shri Kalp Nath Rai in the scheme of things. This is no giant in 24 league boots; he is a junior minister of this Government. At a certain time when he expressed a point of view and backed it up with a large number of figures, and it was not clear that imports were absolutely imperative, his colleagues in the Council of Ministers, specifically in the Cabinet Committee on Prices went along with him. But when the evidence became overwhelming that whatever Shri Kalp Nath Rai's personal views might be, whatever his oral views might be, there is an imperative to import, Shri Kalp Nath Rai was simply overruled as needs to be done with junior ministers who get above their station in life. It was done.

Instead of targeting a *Sohrab* pretending to be a *Rustam*, I suggest that we find out whether there was a material change in the situation between December 1993 and March 1994. That would be a far more fruitful line of enquiry than head hunting, for a head which, in my view, is hardly worth hunting. The objective position which the decision makers faced between September 1993 and March 1994 contained the following elements.

MR. SPEAKER : One minute, please. Now should we continue?

SHRI SOMNATH CHATTERJEE : No, Sir. Tomorrow.  
SOME HON. MEMBERS: No, Sir.

MR. SPEAKER : Would you like to have it tomorrow?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI MALLIKARJUN) : The Opposition did not agree to complete the Government business—the Railway Supplementary Demands for Grants could have been passed. Now they are not prepared to extend for some time even. Tomorrow again I will confront with the completion of the Government business, Sir.

[Translation]

SHRI RAM VILAS PASWAN : We did not say anything till 4 O'Clock and rather asked the Government to continue the business. How can they say now that we did not cooperate?

MR. SPEAKER : You have been continuously delivering speech since 4 p.m.

18.00 hrs

...(Interruptions)

[English]

SHRI RAM VILAS PASWAN : He must have concluded within ten minutes or five minutes.

MR. SPEAKER : No, no. I am not going to fix the time for him. I am not going to fix the time for you also.

...(Interruptions)

MR. SPEAKER : Let us agree on this. Let Shri Mani Shankar Aiyar complete his speech. Tomorrow, we will pass the budget and then take up other matters.

...(Interruptions)

SHRI MANI SHANKAR AIYAR : Thank you very much, Mr. Speaker, Sir. I was saying that with respect to the issue of Shri Kalp Nath Rai's refusal to countenance imports that the objective situation obtaining on the ground between September, 1993 and May, 1994 contained the following elements; that the stock position as at the end of September, 1993 was very very much lower, at least 11 lakh tonnes lower than during the same period in September, 1992. Therefore, the CCP did take account of the situation as to whether the shortfall in stocks compared to the previous year would warrant immediate imports or not and what they decided was, as quoted by Shri Gian Prakash that at their meeting on the 11th October, 1993, the CCP said: "The option of importing marginal amounts of sugar remains". As on the 11th of October, 1993, nobody was thinking in terms of a million tonnes of imports or 1.5 million tonnes of imports. They were thinking in terms of marginal imports and the choice before Shri Kalp Nath Rai was whether to go in for these marginal imports or whether to find other ways of meeting the expected shortfall, indeed of attempting to determine whether a shortfall in the stock position at the end of September, 1993 was sufficiently grave for us to feel that there was going to be a shortfall in production in the year as a whole to come.

Now, supposing imports had to be done, there were a whole series of questions that needed to be asked

[Shri Mani Shankar Aiyar]

thereafter; whether imports should be effected at all, if imports were to be effected, whether they should be enough only to replenish the buffer stock financed by the Sugar Development Fund, which had only just been created in that year and which had got exhausted by the end of September, whether on the other hand the import should be effected to ensure that there was levy sugar for the public distribution system and if that was so, what was the amount of subsidy that the Government of India would steal from other purposes to put merely into sugar consumption. Also, if it was not to be for the PDS or not to be for the PDS alone, whether the import should be effected for free sale. Now, if it was for free sale, how much foreign exchange was this country going to devote for imports of free sale? With respect to PDS, it was a question of both foreign exchange and budgetary subsidy; with respect to free sale sugar, it was a question of foreign exchange. None of this was discussed during the 49 days that the Minister of State for Food refused to countenance imports. If, in fact there was a serious question of imports, surely all these issues ought to have been agitated in the CCP and in the country at large during this 49-day period when Shri Kalp Nath Rai was refusing to countenance imports. It did not happen. It did not happen because as of December, 1993, the only option before the country was marginal imports and the question was, did we have to go in for marginal imports or could we make do without these marginal imports? The situation changed only after Shri Mulayam Singh Yadav moved the goal posts. After that the rules of the game got changed. At the same time, I think with considerable alacrity and with a great sense of responsibility, at least in writing, Shri Kalp Nath Rai, the Minister of State for Food stated, 'Yes, we must import' and decisions had to be taken on what to import, how much to import, who is to import, matters which could only be discussed when all the three members of the CCP were present.

Now, Sir, it is very important to note—before we decide the accountability or culpability of Shri Kalp Nath Rai—that he was not responsible for the three meetings of the 4th of February 1994, the 17th of February 1994 and the 3rd of March 1994, not taking place. Shri Kalp Nath Rai held himself available in Delhi on all the three dates, for the meeting. The first meeting of the 4th of February 1994 could not be held because the Finance Minister was outside India. Shri Manmohan Singh is capable of performing many miracles. But the one miracle that he cannot perform is to be present both abroad and in India at the same time! And what was the point of a CCP meeting, to decide about imports when the holder of the foreign exchange is abroad and when the giver of the subsidy is abroad? It would have made no sense whatsoever, to have held a CCP meeting on the 4th of February 1994 in the absence of Shri Manmohan Singh. On the 17th of February 1994, both Shri Kalp Nath Rai and Dr. Manmohan Singh were available in Delhi; but Shri A.K. Antony was not. When Shri A.K. Antony was not available, the man who is in charge of the PDS system, for us to hold a discussion about how to deal with sugar for the poor in the absence of the Minister directly concerned would have also been, to make nonsense of a

CCP meeting. Finally, on the 3rd of March 1994 when the CCP's third meeting was scheduled, it had to be cancelled because the Finance Minister, for no fault of his own, was busy with the Budget. I say, 'for no fault of his own' because he wanted to present the Budget in January. Then, he wanted to present the Budget in the middle of February. It is we, who persuaded him to present the Budget at the end of February, if we had listened to his views on the 3rd of March 1994, Dr. Manmohan Singh would have been perfectly free. So, I can hardly blame him. I can only blame ourselves for the 3rd March, 1994 meeting not having been held... (Interruptions) The meeting was actually held on the 9th of March 1994. The paper before the CCP meeting on the 9th of March 1994 was the written proposal of Shri Kalp Nath Rai about how to effect imports and for what purpose to effect them. It was a very intelligent proposal because it presented before the CCP, several alternatives. It said, "shall we import only for the PDS system or shall we say, 'we will take it away from free sale sugar to put additional quantities into levy sugar and then replenish the requirement of free sale sugar by imports?'" It was a very intelligent question posed; and uncomplicated because Shri Kalp Nath Rai is capable of complicated thoughts! Both these questions were posed before a group which necessarily had to require the presence of both the Finance Minister and the Minister of State for Civil Supplies. Now, according to....

MAJ. GEN. (RETD.) BHUWAN CHANDRA KHANDURI (Garhwal): Sir, what is the source of his information? He is quoting some information as to what Shri Kalp Nath Rai wrote in certain documents. Is this information available in the Report? What is the source of his information?

SHRI MANI SHANKAR AIYAR: Sir, every word I say is taken from the Gian Prakash Committee Report.

MAJ. GEN. (RETD.) BHUWAN CHANDRA KHANDURI: Thank you.

SHRI MANI SHANKAR AIYAR: Not one word that I am taking here is outside that framework.

It is said in the Gian Prakash Committee Report that on the 9th of March 1994 when the CCP met, Shri Kalp Nath Rai repudiated his own writing. He said, "No. I do not want imports." And what happened? Shri Kalp Nath Rai was shown his place. He was told, "Well, whether you want imports or not, the country needs them." What does the country need? What did the CCP decide? They said, "We needed imports on OGL which would supply the free market." That was the decision that was taken. No decision was taken on the 9th of March 1994 about the PDS situation.

Now, Sir, this brings me to my fifth point which I think,...

SHRI SRIKANTA JENA (Cuttack): Then, comes the Commerce Ministry?

SHRI MANI SHANKAR AIYAR: No.

Sir, this brings me to my fifth point which I think, is very germane to what we are talking about here. We

have to distinguish between what is available in terms of *gur*, *khandsari*, jaggery; what is available in the PDS system and what is available in terms of free sale sugar.

The poor people of this country do not have the income to eat sugar. The poorest of India either make do with no sweetener at all or the sweetener that they use is *gur*, *khandsari* and jaggery. Before the Opposition, or indeed any Member of this House, start wearing his heart upon his sleeves, I would request that we take account of the fact that when we talk of sugar, we are not talking of the consumption of the poorest of the poor.

Yes, Sir, there are elements of the poor—increasingly even elements of the poorest of the poor—who are able to have access to sugar rather than *gur* through the PDS. It has been nobody's case in this House and it certainly is not the case in the Gian Prakash Committee Report that there was any undue or untoward increase in issue prices of levy sugar under the PDS. The only charge that has been brought before Shri Kalp Nath Rai, 'responsible' for the sugar crisis and this Government, as stated by Shri Jaswant Singh, is that in respect of free sale sugar consumed by people like you and me, there was a rise in prices. So, I find it extremely difficult to put my finger in my tear duct to coax out a crocodile tear for the woes of the middle-class.

Yes, the middle-class does exist. Yes, we have to pay some attention to them. But no, they do not get our priority. We, as a socialist party whether Dr. Manmohan Singh likes that word or not—stand for the poor of India. We stand, first and foremost, for the poorest of India. We are concerned with *gur*. We are concerned with *khandsari*. We are concerned with jaggery. Then, we are concerned with levy sugar. Only after all the sympathies that we have in our hearts have first been extended for the poorest of the poor and then for the poor, do we have a little bit of sympathy left for those who go into the market and buy free sale sugar. The contrast between this socialist attitude of the treasury benches and the opposition benches has been seen in the last few days. I need not expatiate upon it except to draw attention to what Shri Gian Prakash has stated at page 63 of his report. I beg your forgiveness to quote just one sentence from page 63. Shri Gian Prakash says:

"There was really no occasion to panic as shortage on free sale was not much."

The significance of this must sink into the mind of every Member of this House.

In other words, on the 9th of March, 1994, the CCP was being asked to make a decision without panic in a situation that contained no element of panic, directed not at the poorest of the poor, not at the poor of India but at those with some surplus money in their pockets. And it was in these circumstances that Shri Gian Prakash says at page 77:

"The Ministry of Finance was adamant in not providing any additional subsidy for PDS."

Where does the fault, at that moment, lie? Certainly not in a Minister of State for Food who says—even if he does not wish it—let some sugar get imported on OGL for

rich consumers. The fault, if any, lies at that point in time with the Ministry of Finance which says, no additional subsidy for PDS, but before the Prime Minister of India says, all right, we will make Shri Kalp Nath Raiji the Finance Minister and punish Shri Manmohan Singh by making him the Minister of State for Food. Let me caution you that it was none other than Shri Jaswant Singh in this House in the debate on the Budget of 1993-94, who faulted the Finance Minister for lowering the expenditure on Defence and who faulted him for not having maintained his promise to contain the Budget deficit in the previous year. It was as a result of the Finance Minister's harking to the call of Shri Jaswant Singh that he said, 'I must contain the Budget deficit and I cannot allow an increase in expenditure on Defence and, therefore, how can I allow an additional subsidy on the PDS, especially, as Dr. Manmohan Singh being an economist knew very well that what we are taking about was not a small chain but something of the order of Rs. 650 crore. And he did not have the answer to Shri Jaswant Singh. Do we spend Rs. 650 crore on providing equipment for those of his brothers in uniform whom Shri Jaswant Singh has left or do we provide Rs. 650 crore for those of his Opposition friends who are now munching far too much sugar far more than is good for them. This was the choice before Dr. Manmohan Singh and he chose, in his wisdom—and his wisdom is two PhDs of Oxford & Cambridge, mine is not. May be only Shri Nirmal Kanti Chatterjee matches in his wisdom,—in his wisdom he decided that in March, 1994, given the circumstances of the occasion, he was not going to give one single additional Paise for PDS subsidy.

Now, it is Dr. Manmohan Singh who says on the 9th March, 1994: 'No subsidy for PDS' and changes his mind 22 days later. According to the Gian Prakash Committee Report, on the 1st April, 1994, Dr. Manmohan Singh said, 'No, the situation warrants giving a subsidy or at any rate consider giving a subsidy.' Why? Because Shri Kalp Nath Raiji—that is written in the Gian Prakash Committee Report—told the Finance Minister, according to Shri Gian Prakash, that there is no other alternative to increasing the subsidy for the PDS.

Now, I do not see that we are going to punish Shri Kalp Nath Raiji for. Shall we punish him for having been adamant on the 9th of March, 1994 or shall we punish him for having been adamant on the 1st April, 1994, or shall we punish him for having thought that he could help the poor, or shall we punish him for having inflicted some inconvenience upon the relatively rich? I think, I have no answer to this. I hope the Prime Minister has. I hope he takes all this into account before he decides whom to punish, how to punish and for what to punish.

SHRI SAIFUDDIN CHOUDHARY (Katwa): He will punish himself.

SHRI MANI SHANKAR AIYAR (Mayiladuturai): I now turn to the sixth point raised in the Gian Prakash Committee Report which is the delay—delay in implementing the decision on imports taken after 9th March, 1994.

First and foremost, according to Shri Gian Prakash, there was no delay whatsoever in effecting imports on

[Shri Mani Shankar Aiyar]

OGL. Now, the only decision taken on the 9th March was that imports would be effected by private traders on OGL. Immediate action was taken to implement that decision. The Notification was made on the 12th March, 1994 and the Minister of State of food made a statement to this effect in this House on the 15th March, 1994 thus there is no question of any delay with regard to OGL imports. Where the delays did take place, Shri Gian Prakashji goes into great details about this, was the delay is in respect of imports a Government's account. It is not clear at this stage as to whether on Government's account imports were going to be exclusively for the PDS, generally to bring sugar into the market and then take what you want you into the PDS. The delay was on account of Government imports. Now, these Government imports had to be effected by the STC and the MMTC. The STC and the MMTC are organs of the Government who, in this new era that has been initiated by Dr. Manmohan Singh, are charged with the double responsibilities, that are sometimes contrary to each other. On the one hand they are told that 'we will judge your performance by the profits you make', and on the other hand, they are told that they exist for a social purpose. Our new Economic Policy had not then, and has not yet, resolved the inherent contradiction between these two.

But because we were in this new era, where people's performance was judged by profitability, it is not in the least surprising that both the STC and the MMTC had great reservation, not about importing on Government account, but about doing so in a situation where no subsidy was assured. They did not know whether somebody else would pick up the responsibility for losses that might be incurred if they precipitately rushed into action. And it is this perfectly rational consideration that held back the STC a little to long in my view. But it did not hold back the MMTC too long. The MMTC contracted ten cargos according to Shri Gian Prakash, resulting in 130,000 tonnes to be delivered even before the crisis began and progressively went on, according to Shri Gain Prakash, to contract for four and a half lakh tonnes. It was the STC that was dragging its feet and the STC was dragging its feet partly because the incumbent was probably not very much up to the mark, but also because there was a very major policy decision involved. And that policy decision started being made only after the 1st of April 1994 when Dr. Manmohan Singh decided that his obligations to Shri Jaswant Singh were less than his obligations to the 900 million people of this country.

It is between the 1st of April 1994 and the 8th of April 1994 that we decided to go completely firm that whatever happens, the question of subsidy will be looked into and it will not be rejected, and that the STC should begin importing. Still, the STC somewhat pusillanimously was not willing to commit itself to these imports. Therefore, the Prime Minister himself intervenes and, on the 18th of April 1994, the Prime Minister convenes a meeting at which still no decision is taken on subsidy but firm orders are issued for the imports to be effected. Now there is this delay in imports by the STC and there is no other delay. There is no delay by the MMTC. Now, the delay in imports by the

STC is for a 31-day period. From the 18th of April till the 19th of May 1994, the STC despite instructions from the CCP and from the Prime Minister's meeting, does not take adequate steps to effect those imports.

Now, in determining Shri Kalpanath Raiji's accountability or culpability for this failure to effect imports by one state trading organisation, viz. the STC, we have to take into account the extent to which discipline in our Government will be served if a junior Minister in one Department starts giving instructions to an organisation which is under a senior Cabinet Minister in another Ministry. In spite of this being the case, certainly, I do not think the Government of India can escape its responsibility for the delays that took place in the STC. But how far have we come from this overall gun-charge against the Government of India, the total incompetence of Narasimha Raoji and his colleagues to what we are talking about now? We are now talking about the petty question of whether a few hundred thousand tonnes should or should not have been imported by the STC in the absence of suitable clarifications from the Ministry of Finance! Where is the great issue of corruption in this? It seems to me that there is incompetence or perhaps even worse in the STC. And it needs to be dealt with. I think we can reprimand our Ministers for not having been on the ball. But at a time when Shri Pranab Mukherjee is facing the onslaughts of the Opposition on whether to sign the GATT and become a member of the WTO, if he is going to spend a disproportionate amount of time doing what a Deputy Manager in the STC should do, then I would wonder whether Shri Pranab Mukherjee is adequately efficient or not! Not really otherwise!

Now Sir, I leave this issue too for the Prime Minister to decide that if there was something wrong in the STC, who is to be held accountable and how much should he be punished.

I now move to the seventh of the nine issues regarding the question of prices and the related question about confidentiality. I think it is important to recognise the scale of the losses that have been incurred. I say this because allegations have been made in this House that the country has lost ten thousand crores and that the scam here is even worse than the Securities Scam and that a Government which permits who scams to take place within a couple of years is not a Government that deserves to remain in office.

Now, I think we need to put this in perspective. I hold the Government responsible for even a one rupee loss. I am not exonerating them for the money lost. But I do think it is necessary for us to know whether the scale of the loss runs to tens of thousands of crores or whether it is relatively a smaller sum. According to Shri Gian Prakash, the loss incurred by STC and MMTC is of the order of Rs. 42 crore and the total loss that has been incurred by the consumers on account of both private trade and imports by STC and MMTC is of the order of Rs. 150 crore. Let us just keep this perspective in view. I am not condoning the loss of Rs. 150 crore. I am saying one that Rupees one hundred and fifty crore is too much, at the same time I am saying that in mathematical logic Rs. 150 crore cannot be Rupees ten thousand crore.



Then Sir, I am saying that, following that, the quantum of punishment to be determined should be determined on the basis of the actual loss and not on the basis of inflated, exaggerated and imagined losses attributed to the Government by our friends in the Opposition. Now, is this responsibility for this loss which Shri Gian Prakash attributes entirely to one Minister justified? Or is it a responsibility that is diffused?....(Interruptions)

SHRI SAIFFUDDIN CHOUDHURY: Why did he do that?

SHRI MANI SHANKAR AIYAR: I do believe that it was a responsibility that was diffused. That was a responsibility diffused not only within the Central Government but was inherent in our system of Centre-State relations where a State Government by one decision taken without consulting anybody else can totally alter the sugar market. If Shri Mulayam Singh Yadav had not been, more crisis would have been....(Interruptions)

[Translation]

SHRI RAM VILAS PASWAN: Do you mean to say that the report of the Gyan Prakash Committee is not correct?

SHRI MANI SHANKAR AIYAR: Mr. Speaker, Sir. I am helpless. I cannot give explanation because I am speaking here. Please try to understand what I am speaking. Otherwise, they can go through the report themselves.

SHRI RAM VILAS PASWAN: We understand it and are also supporting you.

[English]

SHRI MANI SHANKAR AIYAR: Mr. Speaker, Sir, in addition to this diffusion of responsibility between....(interruptions)

SHRI CHETAN P.S. CHAUHAN (Amroha): Sir, I am on a point of order.

MR. SPEAKER: Which procedure has been violated?

SHRI CHETAN P.S. CHAUHAN: Sir, I just want to know....

MR. SPEAKER: I want to know which rule has been violated?

SHRI CHETAN P.S. CHAUHAN: No rule has been violated.

[Translation]

[English]

MR. SPEAKER: If there is no rule violated, no procedure violated, then there is no point of order. I am not allowing. You please continue.

SHRI MANI SHANKAR AIYAR: Sir, related to the issue of prices, is the question of confidentiality. Now, according to Shri Gian Prakash, at page 24 of the Report, two great mistakes were made by the Government of India which alerted the world market to our entering the sugar market....(Interruptions)

Please listen to what it is.

According to Shri Gian Prakash, the first grave mistake committed by the Government of India was to

notify OGL imports on the 12th of March, 1994. And the second grave mistake made by the Government of India was to have the Minister of State for Food make an announcement here on the floor of the House on the 15th of March, 1994 that we would be effecting imports.

Now, I ask you, Mr. Speaker Sir: How would we have regarded the Government of India's responsibility if it had failed to notify OGL imports? And would we have let Shri Kalp Nath Rai off the hook if he had failed to inform Parliament of such a major decision of the Government of India? It is Shri Gian Prakash who attributes the primary cause of the rise in prices to the public notification and the public statement. We cannot run a dictatorship and a democracy at one and the same time. If we make a decision that things will be imported on OGL, it has to be made known to every single trader in this country and it will be made known to them by a public notification and I cannot see how we can run our democracy, run this Lok Sabha without Ministers coming in here and making important policy announcements. It is their duty to do so. And it is precisely because Shri Kalp Nath Rai was doing no more than his duty that when I looked, as I did, at the proceedings of this House on the 15th of March, 1994, I found that in the one hour before Shri Kalp Nath Raiji spoke and in the one hour after Shri Kalp Nath Raiji spoke, the following hon. Members of the House intervened in the proceedings:

"S/Shri Amal Datta, Tej Narayan Singh, Ram Naik, Chitta Basu, Sobhanadreeswara Rao Vadde, Nirmal Kanti Chatterjee, Asim Bala, Nilish Kumar and V. Dhananjaya Kumar."

Sir, all these very distinguished Members of the House, and vocal Members of the House, if I may add with your permission, were present in or around this premise when Shri Kalp Nath Rai made that historic decision which according to Shri Gian Prakash resulted in world market getting alerted and prices going up. None of them protested. I congratulate them on not protesting. How could they have protested? The prices rose when India entered the market. It is as Shri Gian Prakash says at the beginning of his Report, not only India the world's biggest producer of sugar but also the world's largest consumer of sugar we entered into the market. When the world's largest consumer sugar goes into the sugar market, how can prices not rise? It just does not make sense to suggest that the rise in prices was on account of some indiscretion committed by some officer or some Minister or some Member of Parliament.

These things are in the market. It was a matter of public knowledge, known to anyone interested in sugar, that in January, 1994 when Shri Mulayam Singh Yadav said that there will be no restriction on the transfer of sugar to 'gur' and 'khandasari' that India would be in a trouble for sugar. And, it was also known right from the month of February that important decisions in this regard were to be taken by the Cabinet. I would be astonished if we were such a closed society that traders did not know about the postponement of meetings which are of extremely high importance to them. So, it was hardly leaks, which may or

[Shri Mani Shankar Aiyar]\* may not have taken place, which were responsible for the rise in prices. Prices rose because the world's biggest consumer of sugar entered the import market and entered the import market in circumstances where there were tremendous pressures from within the Government of India to make the imports large.

And, from the month of May onwards a loud public demand was voiced by these middle-class magazines like *India Today* and *Frontline*, which have been quoted in the Gian Prakash Committee Report, that some terrible tragedy was overtaking this country. I find it extremely difficult to equate some editor's problems of buying sugar with the major problems of the country. I do not know that any really poor person in this country was complaining about the price of 'gur'. I do not know of any really poor person in this country complaining about the price of PDS sugar. What I do know is that this tiny vocal middle-class, whose spokesman I charge the Opposition with being loud and screaming about the market price of sugar being higher by Rs. 5 in May, 1994 than it had been in January, 1994.

SHRI SRIKANTA JENA: Since, you have charged the Opposition, I would like to clarify.

SHRI MANI SHANKAR AIYAR: Sir, can I conclude? All right. He is Mr. Jena and not... So, we can listen to him.

SHRI SRIKANTA JENA: In the month of January, 1994, a note was sent by the PMO, with the approval of the Prime Minister, to the Department of Food saying that prices are rising and sugar will be available at Rs. 10—12 per kg. The Prime Minister himself had written this letter to the Department of Food. So, subsequently the Opposition raised that issue.

SHRI MANI SHANKAR AIYAR: I agree with you.

SHRI SRIKANTA JENA: The point is that the Prime Minister himself was concerned about it and that concern was passed on to the Department of Food in the month of January itself before Shri Mulayam Singh made that statement.

SHRI MANI SHANKAR AIYAR: I agree with you. You need not expand that point. I am going to answer it.

SHRI SRIKANTA JENA: Why are you charging the Prime Minister through the Opposition? You charge him straightaway.

SHRI MANI SHANKAR AIYAR: I agree that the Prime Minister's Office alerted the Department of Food. Sir, can I finish my speech?

MR. SPEAKER: There is a point of order.

SHRI RAM KAPSE (Thane): Sir, Shri Mani Shankar Aiyar has referred to Mr.... saying that the hon. Member is Mr. Jena and not Mr.... I think this should not go on record.

MR. SPEAKER: There is no point of order.

SHRI MANI SHANKAR AIYAR: I am sorry, Sir. I

cannot held myself responsible, accountable or culpable for Mr. Kapse's lack of a sense of humour.

MR. SPEAKER: Even then we would see what is to go out of record.

SHRI MANI SHANKAR AIYAR: Sir, I was saying that since we are the largest producer and the largest consumer, there is no way in which we can enter the market without the market knowing and prices rising. I am very grateful to Shri Jaswant Singh Ji for having stated in his intervention—I hope my quotation is accurate, it can be checked from the record—that "when India enters the market it is bound to affect prices". A Daniel come to judgment, he is entirely right. When India enters the market, prices are bound to go up. So, prices did go up. Now, all I ask of the Prime Minister is that he should keep all these factors in mind when in respect of prices and confidentiality he makes a determination on accountability and a determination on the quantum of punishment to be inflicted.

I turn now, Sir, to my eighth point. My eighth point is with regard to....(Interruption)... I had explained in the beginning; there are only two more points to go. I beg your indulgence to complete my speech.

The point made in the Gian Prakash Committee Report is that there were discontinuities in releases of sugar to the free sale market. Now, I think, there appears to be no doubt at all that compared to the recommendation of the Department in the month of May, although curiously in the Gian Prakash Committee Report it says June but I think that is an error of typing—Shri Kalp Nath Rai Ji, I suspect, in a fit of anger, on the 19th of May, 1994 because the date is the same as the date of his tryst with destiny—cut down from the amount of sugar releases recommended by his Department an amount of 2.25 lakh tonnes. Now, he made 2.25 lakh tonnes less available to a market which consumes 120 lakh tonnes a year. My mathematics is, Sir, somewhat poor out as far as I can make out, his decision affected 0.025 per cent of the availability of sugar in the market. Therefore, I suggest that the condign punishment to be meted out to Shri Kalp Nath Rai Ji should be 0.025 per cent of what the Opposition has demanded.

My final point is with regard to the FCI muddle. There is no doubt at all and it is clear from the record that in a situation where the STC was refusing, for good reasons or bad, to live up to its responsibilities, even to respond to the specific instructions of the CCI and the Prime Minister, a decision was taken, in the absence of both the Prime Minister and the Minister of State for Food, to ask the FCI to effect the import that was required. This decision was taken, from the record it would appear, some time between the 15th and 19th of May, as Shri Jaswant Singh Ji pointed out, with extraordinary despatch. Now, while these developments were going on the ground, Shri Kalp Nath Rai who thought he could absent himself from Delhi, while the Prime Minister absented himself in Alma Ata or wherever he had gone, discovered that bureaucrats can do things behind his back. Now, I think Shri Kalp Nath Rai must be really somebody born yesterday if he did not discover

\* Expunged as ordered by the Chair.

till May, 1994, the tricks to which my *biradari* have been up to for the last hundred and fifty years. These things happen. Now, when he returned, he cancelled the FCI tender. I have no idea of my own accord why he cancelled that tender. But Shri Gian Prakash has quoted the minute recorded on file by Shri Kalp Nath Rai I, Sir, am not in a position to vouch as to whether Shri Gian Prakash has quoted the whole of his note, I am not in a position to vouch whether the sentence quoted is out of context, but, I am in a position to vouch that nothing else is mentioned in the Gian Prakash Committee Report in this regard other than the two sentences recorded by Shri Kalp Nath Rai. I would like to read this out to you because they are now a matter of public knowledge.

Shri Kalp Nath Rai said in justification of his decision to cancel the FCI tender "I am not in favour of imports by FCI at this late stage when STC and MMTC are already in the same market. Entry of FCI in the same market will push up the international price which will not be in the national interest." This I had quoted from Page 29 of the Report.

Now, I will read it out as slowly as the thoughts, perhaps, formed in Shri Kalp Nath Rai's mind. He says: "I am not in favour of imports by FCI at this late stage." He does not oppose it in principle. He opposes it in his written note on a very practical ground that he is not in favour of FCI being inducted into this exercise at this late stage. It certainly was late. It is because we know from the Gian Prakash Committee Report that 1,30,000 tonnes had already been contracted for by MMTC and that MMTC was well on the way to contracting four-and-a-half lakh tonnes more and that the STC was now under firm instructions from everybody concerned to get on with their job of importing the required additional tonnes. Shri Kalp Nath Rai says in extenuation of the action that he took that he is opposed to FCI imports at this late stage. Then, he qualifies the meaning of "at this late stage" with the following words "when STC and MMTC are already in the same market". Is it not a sensible thing to say that... (Not recorded)

MR. SPEAKER: Off the record.

(Interruptions)

SHRI MANI SHANKAR AIYAR: There is a giant MMTC in it. There is a giant STC in it. Now, why put in a giant FCI in it? It is an entirely sensible remark. He follows it up by saying: "He wants to explain for future generations, perhaps, because instinctively, he knew that some Gian Prakash was lurking somewhere to find out

how culpable he was; how accountable he was; and how responsible he was. He adds one more sentence. He says: "Every to FCI in the same market will push up the international price". How can he be accused of not being concerned with the international price of imports? Here is a man who bases his decision on cancelling the FCI tender on the ground that it will push up the international price—which of course it did—and then he goes on to add that it will not be in the national interest to do so. Shri Kalp Nath Rai does not talk of the interest of Uttar Pradesh. He does not talk of the interest of sugar barons. He does not talk of May Ghosi. He does not even talk of the interest of Shri Kalp Nath Rai. He talks of the national interest. I would like to know what national interest of ours was protected or promoted or projected by having a third giant player enter the same market where two giant players were already operating.

I would like the Prime Minister, Sir, to take all nine charges against Shri Kalp Nath Rai and the other members of the Government very seriously as made in the Gian Prakash Report but at the same time recognise that there are a number of facts—not opinions—adduced by the same Shri Gian Prakash which makes us sit back and pause, pause to ask ourselves what is the true extent of the administrative derelictions of Shri Kalp Nath Rai and his colleagues; what is the criminal culpability of these people and then to say, is it just, is it proper that a mistake should be called a sin and how far will Shri P.V. Narasimha Rao's conscience rest, if merely because the Opposition asks him to be a hangman, he starts becoming a hangman. I trust the Prime Minister. I believe him. As Shri Jaswant Singh pointed out, he is an extremely experienced, wise-man; he is an honest man; he is a man who is capable of taking the right decisions on the demoractic basis of discussions in this House. Those discussions have now involved one Member of the Opposition and one Member of the Treasury Benches let the discussions go on. Our minds are open as the Prime Minister's mind is open and a decision will be known one week from now. The Prime Minister has not been able to give us a Christmas gift but he has promised to us all a New Year's gift.

MR. SPEAKER: The House stands adjourned to meet on 21st December, 1994.

18.46 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, December 21, 1994/Agrahayana 30, 1916 (Saka)

PLS 40. XXXVI.10.94

670

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