

(viii) **Demand for Approval of the R.T.P. Stage III and the Guru Nanak Dev Thermal Plant, Bhatinda, Stage III to meet the long term Power needs of Punjab**

SHRI BALWANT SINGH RAMOOW-ALIA (Sangrur): Punjab is not getting its full share of electricity from Singrauli and Baira-Siul Power Stations, due to which the Punjab State Electricity Board has been forced to resort to power cuts, load shedding and also to restrict supply for agricultural pumping. Punjab should be allocated an additional twenty lakh units per day as special assistance in view of increased irrigation and industrial needs of the State. It is highly regrettable that Punjab had never received its full share from these projects. The State receives only 519 lakh units as against its actual share of 1008 lakh units during the year. Central Government should give higher priority for paddy growers of Punjab. To meet the long term power needs of the State, approval to R.T.P. stage III (2 x 210 MW) and Guru Nanak Dev Thermal Plant Bhatinda stage III, should be granted immediately. A Gas Power Plant should also be sanctioned for the State of Punjab.

12.20 hrs.

DISCUSSION UNDER RULE 193

[English]

(Reported) **Income of Jyotsna Holding Private Ltd. from Sumitomo Corporation**

MR. SPEAKER: Now, we take up Discussion under rule 193 and I will ask Shri Jaipal Reddy to initiate the discussion. But before he speaks, I must tell the House that we have got two-and-a-half-hour at our disposal. The time allotted is two hours, but we

have got two-and-a-half-hour. So, let us be precise, to the point and not indulge in a wild goose chase.

PROF. MADHU DANDAVATE (Rajapur): If we are precise, we can take more time?

MR. SPEAKER: Is it so? That formula I did not know, because only you can teach me.

SHRI INDRAJIT GUPTA (Basirhat): The other discussion is at 4 O' clock?

MR. SPEAKER: Yes.

SHRI INDRAJIT GUPTA: So we have got upto 4 O' clock.

MR. SPEAKER: Yes, if you can do without lunch hour, you can have three hours.

SHRI C. MADHAV REDDI (Adilabad): No.

MR. SPEAKER: Then it is all right two-and-a-half hours. You are the mover. So I will give you 15 minutes.

SHRI S. JAIPAL REDDY (Mehboobnagar): I must thank at the outset *The Statesman* for its outstanding and devastating exposure of this scandal. I must admit that the press in India of late, whether it be *The Statesman* or *The Hindu* or *Indian Express*, has played a glorious part in unearthing huge scandals which keep rattling in the cupboard of the ruling party and the Government and which also had of late led to their tumbling out one after another to the great disconcertment of the ruling elite.

The ONGC deal kickback scandal, coming closely as it does on the heels of Bofors scandal and the submarine scandal, may look like a chicken feed and a child play.

[Sh. S. Jaipal Reddy]

But in terms of percentage of kickback it is comparable to Bofors scandal. And what is more is that there are striking similarities between ONGC scandal under discussion and the Defence scandal. I may refer to some of them. Firstly, it is consultation fee in both the cases. Secondly, it is in connection with a foreign purchase. Thirdly, it is payment in foreign exchange to a foreign front company through a foreign bank.

SHRI NARAYAN CHOUBEY: All foreign hands.

SHRI S. JAIPAL REDDY: Fourthly, the relevant expertise or experience in both the cases, the so-called consultancy firms, is notable for its total absence. The commission of more than Rs. 60 crores admittedly received by Mr. Lalit Suri's company...

AN HON. MEMBER: 6.5 crores. (*Interruptions*)

SHRI S. JAIPAL REDDY: I have not yet got over the hang over of the Bofors. Rs. six crores admittedly is a typical illustration of the huge kickbacks which are invariably involved in all the foreign purchases of the Government and its numerous organisations and undertakings. It is instructive to remember and note that our annual imports today are of the order of Rs. 20,000 crores. Assuming conservatively that only fifty per cent of these imports are made by the Government and its undertakings, our import Bill through these organisations would be more than Rs. 10,000 crores. And if the commission of four to five per cent is involved in all such purchases, through Government purchase alone, our country is annually getting drained of Rs. 500 crores in precious foreign exchange. This, of course, excludes the loss of foreign exchange made through purchases by private sector undertakings.

These mind-boggling amounts are not being knocked away merely by agents, consultants, middlemen, but by their political patrons. We must note with absolute seriousness that Chaddhas, Jajodias, Hinduja, Suris are not middlemen but, in fact, front men of those who are wielding supreme power in the country. They are only licensed depredators and marauders to operate freely and fearlessly in the country because they have the iron-clad guarantee of the rulers roosting in Delhi. Let me on this occasion confine myself to the high connections of Mr. Lalit Suri alone. A friend of Mr. Lalit Suri, who is an M.P. and who is an aide in the Prime Minister's Office, stays in a palatial house in Greater Kailash. I would like to know as to whom that house belongs.

PROF. MADHU DANAVATE: House of Lords.

SHRI S. JAIPAL REDDY: I would like to know from the Finance Minister whether the aircraft owned by Jyotsna Holding Private Limited has been leased to the Flying Club, of which** is the President. Would the Government care to look at the log book of this aircraft to find out as to who have flown this aircraft?... (*Interruptions*)

SHRI HARISH RAWAT (Almora): How can he mention the name of a Member of the other House?... (*Interruptions*)

MR. SPEAKER: Look here. No wrangling. The name of the Member of the Upper House should not be mentioned here. That stands expunged...

(*Interruptions*)

MR. SPEAKER: Mr. Reddy, you cannot refer to the Member of the other House.

SHRI S. JAIPAL REDDY: If you don't

want his name to be mentioned, then I will not... (*Interruptions*)

MR. SPEAKER: It is the rules that do not permit. It is not a question of my liking or disliking.

SHRIS. JAIPAL REDDY: I did not make any allegation, Sir.

PROF. MADHU DANDAVATE: I agree with you, Sir. Instead of the name, only the description should be given.

SHRI S. JAIPAL REDDY: I submit myself to your will, Sir.

MR. SPEAKER: Not my will, it is your will.

PROF. MADHU DANDAVATE: Say one Captain.

SHRI S. JAIPAL REDDY: All right. Mr. Suri, may I further add, has an all too easy access to the residence of our Prime Minister, which is otherwise an impenetrable fortress... (*Interruptions*)

SHRI BASUDEB ACHARIA (Bankura): Sir, is it unparliamentary? (*Interruptions*)

SIR. S. JAIPAL REDDY: Sir, I am stating with all sense of responsibility that the innumerable visits of Mr. Lalit Suri can be checked from the log book of the visitors in the Prime Minister's residence.

SHRI T. BASHEER (Chirayinkil): It is objectionable, Sir, (*Interruptions*)

PROF. MADHU DANDAVATE: Sir, what is objectionable? The words 'Prime Minister's house' are not unparliamentary. (*Interruptions*)

MR. SPEAKER: Order, order. There is no problem. A citizen of India can have

access to the Prime Minister's house.

(*Interruptions*)

SHRIS. JAIPAL REDDY: I appeal to the speaker to see that the log book of the visitors of the Prime Minister's residence is not tampered with. (*Interruptions*)

SHRI T. BASHEER: There is no relevance. I have objection. It is irrelevant, Sir. (*Interruptions*)

SHRI S. JAIPAL REDDY: Sir, there are days when Mr. Lalit Suri made visits three times in a day to the residence of the Prime Minister. ... (*Interruptions*)

MR. SPEAKER: Why are you shouting unnecessarily? It does not matter. The residence of the Prime Minister is accessible to all the people of India.

[*Translation*]

SHRI HARISH RAWAT: Is Shri Suri not an Indian citizen? Can't he visit the Prime Minister's House? (*Interruptions*)

MR. SPEAKER: I am also of the same of opinion. (*Interruptions*)

[*English*]

MR. SPEAKER: There is no problem. That is what I am saying. Please sit down. Anybody can have access to the residence of the Prime Minister of India. Anybody can go to him.

(*Interruptions*)

PROF. MADHU DANDAVATE: You are perfectly right, Sir, Mr. Suri is a citizen of India. Prime Minister belongs to all of us. He should be allowed to go there. (*Interruptions*)

MR. SPEAKER: Why are you shouting? [Translation]

(Interruptions)

SHRI S. JAIPAL REDDY: Sir, a friend of Mr. Suri, who figured in the recent news for importing Italian marble for his swimming pool when asked to explain the sources of income, said that they had been gifted by the Dutch father-in-law. Sir, it is very convenient to have foreign in-laws for Indian politicians. Sir, may I point out another fact? Somehow the foreign-in-laws of Indian politicians are always fabulously rich. (Interruptions)

MR. SPEAKER: You come to the point. Time is wasted like this.

SHRI S. JAIPAL REDDY: Sir, in regard to Mr. Suri and his shining deeds let us have a rapid look at the record. He was given several crores of rupees by the Indian Oil by way of rental advance for occupying the space in his Building World Trade Centre. The Indian Oil vacated this space in Janpath building for nothing and it shifted on its own by paying several crores to the World Trade Centre. I want the Finance Minister to examine this. Sir, the World Trade Centre was built by Mr. Suri in blatant violation of all the possible and conceivable NDMC laws.

[Translation]

SHRI JAI PRAKASH AGARWAL (Chandni Chowk): Kindly restrict yourself to the subject under discussion (Interruptions)

[English]

SHRI ANIL BASU (Arambagh): Why are you worried? Let him proceed in his own way. (Interruptions)

SHRI S. JAIPAL REDDY: Sir, Mr. Suri figured recently in the scandal of exporting inferior variety of rice in place of 'basmati' rice to the tune of 1,50,000 tonnes.

SHRI HARISH RAWAT: It will require a separate notice.

[English]

(Interruptions)

SHRI S. JAIPAL REDDY: Sir, he is now both a hotel magnate and a newspaper tycoon. (Interruptions)

MR. SPEAKER: Without rhyme or reason.

(Interruptions)

PROF. MADHU DANDAVATE: Why are they shouting? There is nothing against them. (Interruptions)

SHRI INDRAJIT GUPTA (Basirhat): All the newspapers have made certain reports which he can repeat here I suppose. The newspaper have alleged that this gentleman was connected with the export of *perumal* rice passing it off as *basmati* to the Soviet Union. If it is not correct, they should contradict it, they should deny it. (Interruptions)

[Translation]

SHRI HARISH RAWAT: Please come to the subject under discussion. Don't beat about the bush, come to the subject.

MR. SPEAKER: Order, order, you are interrupting one after the other.

(Interruptions)

[English]

MR. SPEAKER: What I say is that you will also have time. Mr. Rawat, you will have time to answer. I will give the time next to him. You speak, but you also, Mr. Reddy.

keep to the point. It might be, but if there is anything wrong anywhere, I don't mind, bring it, but you bring to the point which is under discussion and not pass over it, nothing doing.

(Interruptions)

MR. SPEAKER: No extraneous matter, come to the point; otherwise you will be losing your time.

(Interruptions)

SHRI S. JAIPAL REDDY: Sir, the point I was trying to make was that though Mr. Suri was not supposed to have expertise of oil technology, he has certain other kind of expertise. The reason why he....

MR. SPEAKER: Come to the point if you want to make it because five minutes are left.

SHRIS. JAIPAL REDDY: Coming to the statement of the Finance Minister, I must say he has adopted the classic technique "*Suppressio veri and suggestio falsi*" and it is an exercise in selective disclosure of facts intended not to reveal the truth, but to conceal the truth.

Sir, the Finance Minister has deliberately avoided explaining as to why such hefty commission of Rs. 6 crores was paid to Jyotsna Holding which admittedly has had no expertise in sophisticated oil technology. Sir, it should be noted...

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI): We have not paid any commission.

MR. SPEAKER: Why are you interrupting? Let him say anything.

(Interruptions)

SHRI SOMNATH CHATTERJEE (Bolpur): Winding up charges. *(Interruptions)*

MR. SPEAKER: Please order.

SHRI S. JAIPAL REDDY: It should be noted that the agreement was not concerned with any services, but it was specifically concerned with the two tenders. I have not heard of any agreement before, which deals with tenders—in this case, it is two tenders of ONGC. And in the agreement it was mentioned that Jyotsna Holdings should use its best endeavours to get the contract. Would the Finance Minister care to explain as to what was the kind of best endeavour he made? Sir, if he got commission from Sumitomo Corporation for the unspecified, arcane and esoteric services rendered, why was the payment made to a London Bank?

PROF. MADHU DANDAVATE: Washington bank was not available.

SHRI S. JAIPAL REDDY: Who are the owners of that London Company, El Jay Consultancy Incorporated? Is it also a Shell foreign company like Svenska and AE Services? Did Jyotsna Holdings obtain RBI clearance before getting this money deposited in the London Bank?

[Translation]

SHRI SOMNATH CHATTERJEE: They will devour it, what are you doing here?

[English]

SHRI S. JAIPAL REDDY: If the prior clearance of RBI had not been obtained, it is a clear violation of FERA law. We must all note that the first payment was made as far back as in December, 1984. The last payment was made in October, 1986. In the meantime Jyotsna Holdings filed its income-

[Sh. S. Jaipal Reddy]
tax returns in 1984-85, in 1985-86 and in 1986-87. In none of these annual returns, did the Jyotsna Holdings indicate the receipt of this amount. According to the statement of the Finance Minister, these facts were made known to the Government for the first time only on 31st July, 1987. That means that the payment in foreign exchange through a foreign bank was kept hidden from the Government of India and the RBI for a long period of 30 months. And this disclosure or this admission was made by Jyotsna Holdings in July, 1987. We are now in August, 1988. More than one year has passed. I would like to know as to what happened to your FERA machinery. Who administered anaesthesia to your taxmen, to your FERA during the last two months? What induced this long amnesia among the administrators?

(Interruptions)

[*Translation*]

SHRI NARAYAN CHAUBEY: What would happen to this country?

SHRI SOMNATH CHATTERJEE:
Damn it. *(Interruptions)*

[*English*]

SHRI S. JAIPAL REDDY: I would like to know as to when this amount from London Bank was exactly repatriated. I also would like to know when exactly the Government of India came to know, without reference to the disclosure of the Jyotsna Holdings that such a payment had been made. If they had come to know earlier, how is it that the Government has been guilty of such a studied and masterly inaction?

Sir, let us have a look at the returns it filed. In 1985-86, after it had received this amount, Jyotsna Holdings showed a loss of Rs. 40 lakhs and odd. In 1984-85 and 1985-

86, it had already received payments but they were not shown. On the contrary, it had shown loss. In 1986-87, it showed nil income. No income at all. It was a very poor company! Suddenly this company was stricken by conscience. It showed a gross total income of Rs. 589 lakhs and odd. If you look into the Ministers statement, the Government took only 5 days to dispose of two Assessment Years. I must really congratulate the Government on the promptitude, on the extraordinary efficiency in dealing with such cases. Can I condemn it, Sir?

Sir, I learn reliably that an IAS officer of Rajasthan cadre is being pressurised to hush up the case and is being tempted with a posting in our Embassy in America. I have not mentioned the name. I would like to know as to why our financial administrators were so generous, were so munificent in waiving penalty and interest Clauses in a case of this kind. We must note Sumitomo is a big trading conglomerate. It will be interesting to note Sumitomo has links with Suzuki-Maruti also... *(Interruptions)* Sumitomo has a bank of its own. It has octopus like tentacles which can reach every corner of our South Block.

Sir, Government admitted that it has paid Commission in contravention of the understanding. Will Government therefore, ask for blacklisting Sumitomo Corporation? If not why? What are the reasons? *(Interruptions)* If you do not blacklist, then we will have to assume that you are being blackmailed. *(Interruptions)* This particular scandal has got a lot to do with ONGC, with BHP Gas Project, with GAIL, with FERA, with Income-tax law and of course with that mystical entity called Government of India. So, nothing short of an inquiry by the House Committee can do justice in the matter... *(Interruptions)* One last sentence, I would like to say something about Oil and Natural Gas Commission—I do not know why it was called Commission. I think this word Commission has been used in more than one sense of the

firm. ... (*Interruptions*) The ONGC has been indicted by the C & AG for granting Rs. 10 crores bonanza in five contracts. But, yet the ONGC Chairman, after superannuation, has been given two extensions and now the present Minister has recommended him, as another bonanza, for a third extension.

[*Translation*]

SHRI HARISH RAWAT (Almora): Mr. Speaker, Sir, when the Minister of Finance had made his statement and the Government suggested to hold a discussion today itself on this issue and Shri Dandavate as well as his colleagues wanted one day more to have this discussion, then my sympathy was, take it for granted, with them.

MR. SPEAKER: Not with me.

SHRI HARISH RAWAT: Decidedly not. I felt that Shri Dandavate and his colleagues would utilize this time to go into the depth of the matter and will come out with such facts as would enable the Government to take effective steps in that regard. But now to my mind Shri Reddy is perhaps an expert in establishing connections amongst the different people. I was disappointed to hear his speech, and it can be summed up like "much a do about nothing". Shri Reddy has been unable to present anything new beyond what has been given in the statement made by the Minister of finance. The way he has put the statement published in the 'statesman', it seems that he seeks to accuse the Government like the other opposition members, who on publication of anything in a newspaper jump to the conclusion that the Government is involved in it and action should be taken in this regard. They never bother to find out the facts behind the accusation. No efforts are made to go deep into the matter and ascertain the facts.

Sir, the point is that Shri Reddy has not asked if the Government followed the proce-

dure or not in reaching the agreement which was signed between ONGC and a Japanese firm, whether the firm has necessary expertise in the field and whether any concession was given to the firm? He has presented the whole issue in a distorted manner and mentioned those things which are not connected with it. The issue raised is related to the agreement signed between ONGC and a Japanese firm. He should have mentioned the if there was any irregularity committed in concluding the agreement or if the Government had shown any favour. I feel that he preferred to keep silent in this regard because the then Minister of finance is now his close associate. In order to avoid accusation of his friend, he deliberately avoided the agreement and a reference to that. (*Interruptions*)

Mr. Speaker, Shri Reddy has raised a point in his long speech. He wanted to know about the expertise, highly sophisticated expertise available with the Jyotsna Company required in the field of oil. He wanted to know the reasons for which Japanese firm had to seek cooperation and assistance from this firm. This is not something between the Government and the Japanese firm. Neither the Government recommended to engage this firm. Had it been so it would have been a different matter. (*Interruptions*)

Where does the Government figure in the selection of Indian firm with which the Japanese firm entered into collaboration? Does Shri Reddy want to suggest to us or to the Government that it should have recommended the name of some firm saying that so and so firm has the expertise and capability and hence they should enter into collaboration with them.

Sir, how do the logic or the argument through which Shri Reddy has tried to level allegations against the Government proves whether the Government has any personal relation with Jyotsna Company or with the

[Sh. Harish Rawat]

Japanese firm? Nowhere has this been established. In this regard I feel that it has become customary of the opposition to level allegations against the Government in such cases and the present episode is a part of that.

Mr. Speaker, Sir, Shri Reddy has raised many points which are not logical. One of the points raised by him was that the assessment of Income Tax was done in a hurry, why? Why did he forget that there was no favouritism involved in the Income Tax assessment nor was any kind of concession given in it. No payment, that is against Indian Income Tax law, has been made. If any such payments were made, then he should have mentioned about it. We are glad to learn and it is also clear from the statement of the hon. Finance Minister that no exemption whatsoever has been given from the state of filing of Income Tax return till the final assessment. *(Interruptions)* Whatever exemption has been given is according to the law. This exemption is given to everyone. *(Interruptions)*

Shri Reddy passed a very strong comment during the course of his speech when he said that this firm had violated the regulations of F.E.R.A. There is nothing new in his utterance; the Government itself has admitted this. The opposition can only make a mountain out of a mole hill and by doing so he said that this firm had violated the regulations of F.E.R.A. and the Government was sitting quite. But it is clear from the statement of the Minister of State for Finance that the Government is looking into this matter and investigating whether this firm has violated the F.E.R.A. regulations. I would also like to request the hon. Finance Minister that if this firm has violated the F.E.R.A. regulations, then it should be punished according to the provisions of the law. *(Interruptions)*

Mr. Speaker, Sir, our country enters into

innumerable agreements with the foreign countries and in every agreement there may be 2-3 such parties which are in competition. Therefore, due to the contractual competition which exists between different parties, one party levels allegation against the other and attempts are made to pull up the Government in that regard and the press also gives it publicity. If every time such issues are raised in the House, I am afraid that under your speakership, only these things will find mention in the proceedings of this House. The problems of the poor and of the common citizens of India will not receive attention. *(Interruptions)*

I understand the problem of my colleagues from the Opposition. They have been bringing the same issue to the House for many months and were raising the same question everyday. As a result, the more important issues concerning the public could not be discussed in this House, because no time was left for them. But the hon. Members of the Opposition always took the time of the House by presenting those issues here and yet they have not been able to find any fault with the Government. Therefore, I can understand the agony and the pain suffered by them as well as the thing which is pinching them.

Mr. Speaker, Sir, if a firm indulges in exposing its competitor by publishing in the press the material to the effect that so and so contractor in the international market gets assistance from so and so firm in India in order to preserve and promote its professional interests and if such things continue to get the attention of the Government as well as this House, then the Parliament of India will not be able to do anything except discussing such allegations involving corruption in business deals. Therefore, I want to submit that this attitude of the opposition which they have adopted, of late, needs to be understood.

Shri Reddy in his statement has made direct or indirect charges against his Rajya Sabha colleague and has tried to level allegations against him. He has also levelled allegations against his personal relations and has tried to establish a nexus between him and these connections. This is not proper. Allegations against a Member of the other House, about which prior notice has not been given and which cannot be substantiated or are not accompanied by facts cannot be made in the House. But Shri Reddy has not followed any of these directions and has levelled absurd charges against him. The Opposition Members make allegations against whoever is near to the hon. Prime Minister and very easily they establish his link with something or the other. This is their one-point programme but there is something missing in this one-point programme.

13.00 hrs.

Earlier also, you must have seen that these people used to term those near the hon. Prime Minister as messiah of corruption of backward looking persons, besides levelling many other allegations. When those people left the company of the hon. Prime Minister and joined the opposition camp they became their leaders and valued colleagues and then they saw only virtues in them. Such is the tale of the Opposition. Recently a newspapers carried a news report that our Opposition colleagues were going to form a new Party. But they are having a fight over the name of the Party itself. Mr. Speaker, Sir, I was going to give a suggestion to Shri Bhagat, which I could not somehow give, that the Opposition Members should name their party as Bofors Party and name their leader Bofors Singh. Thereafter, all their problems will be removed. They have a one-point programme, that some how they must indulge in character assassination of the Prime Minister and his close associates, they must be defamed and absurd charges

should be levelled against them. For this, they want to use the forum of Parliament as a tool. As hon. Member of the Parliament and as the saviours of this august House we shall have to give a befitting reply to such a conspiracy. We shall have to decide that such a conspiracy should meet with an end at some or the other point. We shall have to come forward and work so that the democracy of India, its constitutional set-up and the hands of the hon. Prime Minister could be further strengthened. With these words, I conclude.

MR. SPEAKER: Shri Reddy, you will be the next speaker. Therefore, the House stands adjourned till fourteen of the clock.

13 03 hrs.

*The Lok Sabha adjourned for lunch till
Fourteen of the Clock*

*The Lok Sabha re-assembled after Lunch
at Five minutes past Fourteen of the
Clock*

[MR. DEPUTY SPEAKER *in the chair*]

DISCUSSION UNDER RULE 193 —
CONTD.

[*English*]

**Reported Income of Jyotsna Holding
Private Limited from Sumitomo Corpo-
ration—Contd.**

MR. DEPUTY SPEAKER: Mr. Madhav Reddi.

SHRI C. MADHAV REDDI (*Adilabad*): At the outset, I would confess that I am not gifted with the debating skills as my young friend, Mr. Harish Rawat who spoke last. I would like to confine to some of the points raised by him and the Minister in his state-

[Sh. C. Madhav Reddi]
ment. It is not my habit to indulge in innuendoes or insinuations. I would like to place certain facts before the Minister. I would like definite answers for them. After hearing the speeches made here and also on the Floor of the other House yesterday and the reply given by the Minister, it looks to me that Jyotsna Corporation of Japan is a Corporation run by a set of fools because no wise man would give Rs. 6.5 crores for certain consultancy. Now, the Japanese are very wise people, very shrewd and very businesslike. They will not make any mistakes. They know the persons in India who can help them, tout and get them contracts and if they have paid in instalments Rs. 6.5 crores to an unknown company in India, then

[*Translation*]

it is clear that there is something suspicious in it. But what is that; I will not tell.

[*English*]

The hon. Minister has said in his statement yesterday and he repeated in the other House also that no serious violation of income tax laws was made by the Department because he quoted the rules. Waiver has been granted, waiver of penalties and interest have been granted under certain rules and he said that there is nothing wrong if somebody comes with self-assessment to accept the assessment and to complete the assessment. I would like to know two things in this regard.

First of all, the Minister himself admitted that there was a FERA violation and he said that they are looking into it. It is obvious that there was a FERA violation and it was known to the Income Tax Department when the self-assessment was made by the individuals that the FERA violation is involved. Knowing this, why is it that the Income Tax Department was in such a hurry to close the

assessment? Is it not against the rules that whenever an assessment is made to the department and when the department feels that there is a FERA violation involved, it is, by rule that they should not complete the assessment unless that aspect is completely investigated? Has it been done? If it has not been done, what is the reason then? We were told that they have passed the orders after taking the prior approval of the Central Board of Direct Taxes. Certainly the Board is involved. The Board should have known that if there is a FERA violation, then the assessment should not be completed. When this has been done, I feel that the Income Tax Department has done a great mistake. Deliberately, they tried to help this party.

The second point is that the Income Tax Department knew that when there is a self-assessment, the party has to pay immediately, according to the assessment made by him, the tax on the spot. He cannot make payment after one month or two months. Immediately along with the assessment he has to pay the tax. Why had the taxes not been paid? The tax of Rs. 3 crores and odd was paid after one and a half months, I believe. Why was this assessment accepted in the first instance when the tax had not been paid along with the assessment. These are the two points which the Minister has to carefully examine and I would like the Minister to give a categorical reply to these points.

Regarding the company, everybody says today that this company is a very insignificant company. It was incorporated some four-five years ago. They have not done much business. At least they have not paid any taxes. They said that they had made some losses. Suddenly, how is it that in 1985-86 and 1986-87, they made a fantastic profit of more than Rs. five crores? Has it ever happened with any company? We know the functioning of the companies. We

know how their activities go on and if suddenly a company makes a fantastic profit, don't you suspect and don't you think that something wrong or some other activity in that company is going on? I do not understand why the investigation has not been completed and why the wealth tax assessment was not insisted upon. When a company gets a wealth of Rs. six crores, they are also liable to pay wealth tax. Has any assessment been made? No. It clearly shows that you allowed to go scotfree a company with hardly a few shareholders, two working directors, who are women. I am not against women; may be they are experts in certain fields. I do not know their expertise. But certainly, there is something fishy about the whole affair. I am not accusing the Government or blaming the Government that there is somebody behind this. Maybe there may be somebody behind this, but the point is that there has been a very serious lapse committed by the Government. Suddenly, they have become rich. I used to think that it is in the United States that the people become millionaires overnight but it looks to me that India is no less than the United States. People are becoming rich here for doing nothing. Why can't you investigate into these aspects? Is it so easy to become rich within a matter of one year?

As far as the activities of the ONGC are concerned, much has been said about this. I see no justification for giving an extension to the Chairman. How many retired officers of this Government are lucky enough to get one or two extensions? Why so much kindness to them? What type of service they are doing? What type of service is this gentleman rendering to the nation or to any individual?

We hear of a number of irregularities in a number of transactions which the ONGC is indulging in spite of the fact that several products are made in India. They do not make any purchases from the Indian market;

for everything they have to go to the foreign countries, import the products which are so simple and can be manufactured and are being manufactured in India. We know they get commissions. This case seems to be very bizarre, which requires to be investigated thoroughly and I would like the Government to investigate it. The Minister himself said that he was looking into the FERA violations as also investigating why the returns had been filed late. This has been accepted. Are you going to re-open the whole thing? Why should you not re-open the whole assessment because assessment is not final? Within 10 years you can re-open the assessment any time. This is the time for this company to file returns of the entire accounts. The assessments have to be re-opened and they have to be investigated thoroughly and action should be taken if there is violation of either the Income Tax laws or FERA.

Now, Sir coming to the question of Sumitomo's responsibilities, The Minister was very eloquent when he said that Sumitomo is a very good company. They are supplying lot of goods to us, to the ONGC and so on. But the point is that the Sumitomo has failed to inform us — they should have informed us when they knew — that there was an agent or a consultant, whatever you may call it because all agents are consultants these days. Why did they not inform us according to the Agreement that an agent exists, a consultant in India exists for them? Are you not going to blacklist that company which has failed to give this information to us?

These are the valid questions for which definite answers are required and I would like the Minister to give a categorical reply.

PROF. P.J. KURIEN (Idukki): Sir, yet another so-called scandal Opposition has found in the press to attack the Government. This time it is about the ONGC deal with a

[Prof. P.J. Kurien]
Japanese Company. Sir, all aspects of this report have been dealt with by the Hon. Minister in his statement. I am sure anybody who is interested to know the truth can be satisfied with that.

SHRI S. JAIPAL REDDY: Can be.

PROF. P.J. KURIEN: Yes, can be, if you want. But I know you are not satisfied with that. Sir, I have gone carefully.....

SHRI S. JAIPAL REDDY: Are you satisfied?

PROF. P.J. KURIEN: Anybody having some sense will be satisfied. I have very carefully gone through the report that has appeared in the newspaper and the reply given by the Hon. Minister. Where is the case for attacking the Government? A foreign company has paid consultancy fee, whatever you may call it, to a firm in India.

SHRI S. JAIPAL REDDY: What do you call it?

PROF. P.J. KURIEN: You may call it by any name. (*Interruptions*)

MR. DEPUTY SPEAKER: Do not interrupt.

PROF. P.J. KURIEN: And the Indian Company voluntarily discloses it before the Tax Authority, I do not see anything wrong in that.

SHRI S. JAIPAL REDDY: Where and when?

MR. DEPUTY SPEAKER: Order, order.

PROF. P.J. KURIEN: Then the allegation is that the Tax Authorities have disposed of the case in an undue haste. That is the

allegation. This point has been convincingly dealt with by the Minister and you can read his reply. (*Interruptions*)

SHRI S. JAIPAL REDDY: You are convinced.

PROF. P.J. KURIEN: Many foreign companies are having agents in India and Indian companies are also having agents abroad. What I fail to understand is, which is the law that prevents the payment of consultancy fee. Even if it is commission, which is the law that prevents the payment of commission? Then why do you make a case out of it? Mr Jaipal Reddy was saying that the newspaper in this case has done a glorious job. The newspaper report is just a ditto of the tax proceedings. I also went through the newspaper's report. Sir this is only a part of the vilification campaign against the Government. How are you establishing a nexus between the recipient of the consultancy fee and the Government? You are saying that the recipient of the consultancy fee is a friend of somebody. Somebody may be a friend of somebody. Just because of that you try to establish a nexus.... (*Interruptions*)

PROF. P.J. KURIEN: Sir if they interrupt and waste my time, I should be given more time.

SHRI S. JAIPAL REDDY: You are strengthening our case. We will give you more time.

PROF. P.J. KURIEN: Just because there might be some friendship, you come to a conclusion that there is a nexus. Let me ask you a plain question. Is it not unethical to come to such conclusions and establish nexus, merely on the basis of such inferences? Sir I am told that the son of West Bengal's Chief Minister owns an industry of about Rs. 20 crores or maybe Rs. 10 crores. Whatever be the amount, he owns an indus-

try. If I were to say that the investment is that of the Chief Minister, since blood is thicker than water will you agree with me?

SHRI SAIFUDDIN CHOWDHARY
(Katwa): Not thicker than heavy water.

PROF. MADHU DANDAVATE: In Congress (I) politics, blood is thinner than water. (*Interruptions*)

PROF. P.J. KURIEN: I may also mention one more thing. Haji Mastan campaigned in Allahabad for your hero. Should I draw an inference that he too is..... (*Interruptions*)

SHRI S. JAIPAL REDDY: It has been denied. Haji Mastan never visited Allahabad. (*Interruptions*)

PROF. P.J. KURIEN: I would only say that it is unethical and to resort to this sort of vilification which is beyond all political decency.

PROF. MADHU DANDAVATE: What is the reality? Businessmen campaigning for Congress (I) 1980?

SHRI MANVENDRA SINGH (Mathura): Nobody has invited Haji Mastan to Allahabad. It is all wrong. This allegation is totally baseless and this should not form part of the record..... (*Interruptions*)

MR. DEPUTY SPEAKER: Order please. Please sit down. If there is any allegation, it will not go on record. Don't worry.

(*Interruptions*)

MR. DEPUTY SPEAKER: I allow only Prof. Kurien to speak. Others cannot speak without my permission.

SHRI G.G. SWELL (Shillong): I want

your guidance Sir. If I were to choose between Haji Mastan and Bhagawan Ramachandra who would I choose?

SHRI SOMNATH CHATTERJEE: TV Ramachandra?

MR. DEPUTY SPEAKER: Why should you choose at all? Remain neutral.

PROF. P.J. KURIEN: Sir, I have seen in the report that the first agreement between the ONGC and the Japanese company was made way back in 1984 and in the year 1984, the friend to whom they are referring, was nowhere in the picture. Also, during the relevant time of the agreement, their friend was the Finance Minister.

SHRI S. JAIPAL REDDY: So what? You can have an inquiry.

PROF. P.J. KURIEN: I am only emphasising that the way you are trying to establish a nexus merely on the basis of friendship is wrong. It is baseless and unethical. There is a saying in Malayalam. On hearing the news that an ox gave birth to a calf, one is taking a rope to tie it. Your conclusions are identical to this sort of logic. You know very well that an ox never gives birth to a calf or anything. But the Opposition wants to behave in that way. I only request them to look at the issue with an eye that is free of political jaundice. Then, you will see the reality. At least some of you can do that, and I have no doubt about it. Sir, to me it appears that there is a pattern in all these allegations. This is a part of a grand design.

SHRI BASUDEB ACHARIA: Aha, the great destabilisation theory!

PROF. P.J. KURIEN: I am sure, my friends in the Opposition will agree with me that some people in the world do not like India becoming a strong power. They are trying to stall the progress of India and are

[Prof. P.J. Kurien]
trying to destabilise India. Those destabilising forces who wanted to destabilise India by eliminating the highest political leadership found to their surprise that every drop of Indiraji's blood went to strengthen this country. Therefore they have changed their strategy and *modus operandi*. What are they doing now? They are now trying to denigrate and discredit the political leadership. It is their work and the most unfortunate thing is that the Opposition not knowing are falling in their trap.

Look at these allegations. These allegations, one after the other are coming from outside the country. You see how they are coming.

Sir, the Opposition and a section of the press are ready to swallow it - wherever it comes from and whatever are the intentions behind these allegations. This susceptibility and easy credulity of the Opposition to swallow anything is the best encouragement for destabilisers.

Mr. Jaipal Reddy referred to Bofors' case here. I would like to come to Bofors' case, but from a different angle. Let me ask you one question.

What is the most important concern in the purchase, especially in a defence deal? First, it is the quality and secondly it is the price which is important in the case of defence deal.

Do the Opposition mean to say that we should buy an inferior quality weapon simply because the seller is not giving a commission? Or, do you mean to say that we should not buy the best quality weapon simply because the seller is giving a payment to somebody by way of commission? Actually the crucial points are the quality of weapon and the price. But instead of looking at that point, you are running after the commission.

If commission or consultancy fees are paid without any evidence you are trying to jump to the conclusion that it is a kickback. Thus, you are trying to create suspicion - a cloud of suspicion.

I will ask you another question. In West Bengal, an Opposition Party is ruling. In Karnataka and also in Andhra Pradesh Opposition parties are ruling. A number of purchases are being made by those Government

If you go and buy a Maruti or an Ambassador car, there may be commission. So it is not difficult to prove that in the purchase made by Opposition ruled Governments, whether in West Bengal or in Andhra Pradesh, commission is involved. But what is the evil design? The evil design is to jump to the conclusion, without an iota of evidence that commission is a kickback. It may be that commission is an international practice. (Interruptions) Yes...

MR. DEPUTY SPEAKER:
Please....order. Please wind up, Mr. Kurien. (Interruptions) He is speaking what he feels like. Why are you interrupting him? (Interruptions)

PROF P.J. KURIEN: But this is the only Government which tried its best to avoid payment of any commission whatsoever. This is the only Government—you must know that. This is the only Government which tried to avoid any middleman or any commission. That point you should appreciate. (Interruptions)

I can prove that commission is paid in any purchase made by the Andhra Pradesh Government. Does it mean that the Andhra Pradesh Chief Minister has got a kickback out of it? Or, I can prove that commission is there in the purchases made by the West Bengal Government. (Interruptions) Can I say that they have taken the commission?

Here, the Opposition is trying to establish a nexus where no nexus exists. Where there is not even an iota of evidence, the Opposition is trying to create a cloud of suspicion. That is how they are becoming part of a destabilization game. I am not questioning their patriotism. I am only saying that the commission allegation is brought from abroad, and the opposition are falling into the trap, knowingly or unknowingly. You are playing into the hands of people who want to destabilize this country. I would only request you to refrain from this kind of malicious allegation and unethical politics. This is all my request.

SHRI SOMNATH CHATTERJEE (Bolpur): I think I should congratulate Prof. Kurien for his heroic in destabilizing his leader. I need not answer the contents of his speech, because he has not spoken anything relevant to the subject.

I must join my good friend Mr. Jaipal Reddy in conveying my thanks and greetings to the members of the Press and to the journalists and reporters in *The Statesman* whose report is another feather in the cap of the Press which is trying to expose the scandals to which this Government is a party, and 'so also those people who are close to the seat of power.

It is now clear that this Government's cupboard is full of skeletons, and this Government has now turned out to be the protector of kickback-wallahs and *dalals* who are participating in these foreign transactions. The nexus obviously is the sharing of the booty; and in the process, what has come about in this country is that every foreign contract entered into by this Government or its undertaking has become suspect in the eyes of the people.

Mr. Madhav Reddi indicated that these transactions are coming to light—where some useless concerns are engaged as

consultants, concerns which have no expertise in the matter and which have not shown themselves as having any expertise in the matter.

Suddenly, in one year, these two ladies somewhere, these three ladies in Panama or two ladies in India have become experts, have suddenly become consultants and huge sums of money are being paid to them. Consultancy in what we do not know? I would like to know from the government what is their information about the expertise of this company and the ladies who are engaged in this company. And in the process, crores of rupees are siphoned off and the money is coming into Indian hands - this is very important - either through front company or through some other method; and dubious processes are being indulged into by which ultimately, as I said, Indians become enriched either in India or outside. In this Government not concerned about it? I am very sorry to say that the statement does not show any concern or any seriousness on the part of the government. In this matter, there is a tell-tale evidence of violation of the Foreign Exchange Regulations Act. Government deals with it only with one sentence. "Necessary enquiries are being made from Sumitomo Corporation. The Directorate of Enforcement is also investigating the matter from the FERA angle." I would like to know from the hon. Minister whether there is or there is not a FERA cell in the Department of Economic Affairs. The Minister says here, "There is no FERA cell in the Income Tax Department" The job of this FERA cell in the Department of Economic Affairs is to keep close contact and touch with the Revenue Authority and also Foreign Exchange Authority. It is the point where information is exchanged between Income Tax Department and the FERA Authority. Therefore, it was possible to know whether there is any violation of the FERA through this cell in the Department of Economic Affairs.

[Sh. Somnath Chatterjee]

There is a Double Taxation Avoidance Agreement between India and Japan; and subject to correction, I understand a government order is already issued - GS 671 (E). Now, under this agreement, there has to be every year routine exchange of information as provided in article 12 of this agreement. Now, this payment covers a period from 1984-86. Therefore, in the information that was given for 1984, payment made by Sumitomo Corporation to Jyotsna Holding, must have been mentioned or not mentioned, I would like to know. Similarly, in the information given for the year 1986, it must have been mentioned because it is obligatory to mention under article 12 of the Agreement, and the government cannot say that it has no information with them about the payment by Sumitomo Corporation to this concern, hardly of any standing, this Jyotsna Holding Corporation, year after year, from 1984-86. I would like to know what has the government been doing all these years?

Then we are told that there has been a full disclosure; he has paid taxes and only liability was for penalty and interest which the Commissioner of Income Tax in his wisdom has waived and what is the illegality involved? 1985-86 return was required to be submitted on 31st July, 1985, under the law. Any citizen, any tax-payer, any assessee would be liable to pay penalty for not filing his return within the time. This is the law and that cannot be waived.

Sir, though due on the 31st July, 1985, the return for 1985-86 was not filed till 11-9-1985. Will the Minister kindly answer this while replying? Therefore, there was a delay of nearly a month and a half. Was any action taken against Jyotsana Holdings for delayed filing to the return for 1985-86 and the return showed a loss of Rs.40 lakhs and odd. Now, this return showed only a transaction that they incurred a loss of over Rs.40 lakhs. Now, this return did not include any item

showing the commission or the amount they have received from Sumitomo Corporation in 1984-85 because that was bound to be included. Therefore, the return was incorrect. It was a false return.

Now the return for 1986-87 showed a nil income. That year also, it must have necessarily been a false return, become during that period according to the letters of Sumitomo Corporation which the Government has accepted in the statement—they have accepted the payments schedule—therefore, 1986-87 return for the year ending March 1986 which was to be filed by the 31st July 1986, it did not contain the share of their income which they received from Sumitomo Corporation. Therefore, it was a false return

Now, 1987-99, whether it was due to turn of conscience or whether they feared that the net was drawing close, I do not know, whether there was a suspicion of things being discovered, they suddenly disclosed the entire amount of Rs.6.35 crores in one year's return although it covered three year's income.

Now, this is very important. I request the Hon. Minister to kindly deal with it in reply. This return was filed on 31-7-1987. Let us suppose it, or I accept it for the sake of this discussion. I do not know. But, on the basis of the statement it appears that the self-assessment tax was paid only on 12th September, 1987. Under Section 140(A) of the Income Tax Act every assessee, along with his return, has to pay the tax assessed by him. Now, he should have paid, it was incumbent on him to pay tax on the basis of self-assessment latest by the 31st July 1987. He did not pay till 12th September 1987 and under Section 140(A) of the Income Tax Act, penalty is payable, the assessee is obliged to pay, interest has to be paid on this. Not one paisa has been paid. And, I would like to know how did the Income Tax Department accepted this payment, on account of self-

assessment. It could not be on account of self-assessment, because it was not in compliance with the provisions of the law. Admittedly it was not done; no interest, no penalty on that was paid. They glibly accepted the self-assessment when it was beyond time, it was not in accordance with the law. Then the next thing is very interesting. When the charge has been made in the *Statesman*, the tremendous speed with which the whole matter was disposed has to be seen. The answer is very significant. They say, there was no haste because the hearing for 1985-86 commenced on the 25th of November, 1987.

Now, Mr. Finance Minister, I would like to know, please tell us, on 25th September, 1987 when the hearing had started, was there any intimation available to the Income-Tax authorities of the payment received from Sumitomo Corporation?

There is a reference to the filing of revised returns. When was the revised return filed? Subject to correction, on the basis of the records they have produced, it was on the 22nd March, 1988. Therefore, this hearing that has started on the 25th November, 1987 was of no value because they did not contain the necessary particulars with regard to the payment received from Sumitomo. The ITO did not know. I.T.O. did not know, according to them, until the revised returns were filed. The revised returns were not filed until 22nd of March 1988. When was the assessment made? 23rd March 1988. The last date for filing of the revised returns was 22nd March and the assessment order was dated 23rd March 1988. Surely, until the revised returns were filed on 22nd March, they did not have the particulars with them. It only needed one day's time for them to complete the assessment, where admittedly false returns have been filed year after year.

Sir, as Mr. Madhav Reddy correctly

said, did it not raise doubts in the minds of the Income-Tax authorities, how suddenly this Company got this money? This have been dealing with leasing of aircraft or dealing with some sort of a transaction for passing of parmal for basmati, something like that - Sir, scandalous transactions in other matters. But here, they have come into oil now. With no expertise in oil, suddenly crores of rupees have been paid. Therefore, the point arises that how 1985-86 return, when it was not filed in time, was it accepted and whether penalty was imposed; when did the Government come to know about this 140(A), which I have mentioned? This is a serious thing, taken place .

There were applications dated 18th March, 21st March and 28th March by the Company. For what purpose? For waiver of penalty and interest under different Sections 139(8), then 271 and 273—these are different sections for imposition of penalty and interest. Sir, I would like to know from the Government what ground has been shown in these applications when earlier they had submitted false returns. Had they forgotten that they have got rupees six crores and thirty five lakhs, which was tucked away in England? Did the Company explain? Even if they had bonafide transaction, why did they take money in England? Why did not they initially got the money in India?

Sir, how long does it take the Government of India to know whether there was Reserve Bank permission for payment of this money? The Foreign Exchange Regulation Acts are not very difficult, at least some of the provisions are not very difficult to construe. Section 8 is very very clear. The Government of India cannot avoid responsibility just by saying 'we are looking into it' What is there to be looked into? There are simple transactions. Section 8 says:

"Except with the previous general or special permission of the Reserve

[Sh. Somnath Chatterjee]

Bank, no person other than an authorised dealer shall in India, and no person resident in India other than an authorised dealer shall outside India, purchase or otherwise require....any foreign exchange."

They have acquired foreign exchange. There was no Reserve Bank permission. What is there to be investigated? How long does it take to give show-cause notice? When did they come to know about it for the first time? I would like to know from the Government since when these accounts are there, which are totally unauthorised, because it was not one dollar, in foreign exchange. The most nominal amount of foreign exchange cannot be acquired in any foreign country without the Reserve Bank permission.

Then, kindly come to Section 16. Section 16 of the Foreign Exchange Regulation Act says:

"No person who has a right to receive any foreign exchange or to receive from a person resident outside India a payment in rupees shall, except with the general or special permission of the Reserve Bank, do or refrain from doing anything, or take or refrain from taking any action, which has the effect of securing .

That the receipt by him of the whole or part of that foreign exchange or payment is delayed."

If some money is receivable by you in respect of a transaction, let us say bone fide transaction entered into, then you cannot do anything which will delay the receipt of the money in India. Now for two years it was kept in a foreign Bank. Section 16 is very clear. And then kindly come to section 27. What does it say?

"Without prejudice to the provisions of... Section 19, no person resident in India shall, without the previous permission of the Central Government, associate himself with, or participate in, whether as promoter or otherwise, any concern outside India or intending to engage in, any activity or a trading..."

Now, this concern has associated itself with the Japanese concern for the purpose of trading, entered into a transaction for supplying materials and no permission has been taken. The question has arisen in the people's mind that these foreign big concerns, who are not chickens, but are very experienced business men, they are having international transactions, multi-national transactions, why are they paying money for transactions with regard to Government of India undertakings? They know that some palm has to be greased to enter into transaction in India. Therefore, somewhere it is winding up, somewhere it is commission. Now, Prof. Kurien says that paying of commission is an international practice. Then why are you denying it? The other day, Mr. Jagan Nath Kausal has said that there is no difference. Therefore, I would like to know: What have you done so far as Foreign Exchange Regulation is concerned? What is the difficulty? When did you come to know of this? Whose palm had to be greased? Not anybody's or everybody's palm has to be greased. Who is to be kept in good humour? Those who can take decisions, those who can distribute favour. And in this country, who can do it, please find out. And what else can a responsible committee of this House do? On the face of this case, can we have any faith in a Government which makes such a statement? I am very sorry to say that it is not a fair statement.

Under section 273A, in what circumstances they can do it? Only in the circumstances that the return has been filed voluntarily and in good faith. If an assessee makes

a full and true disclosure of his income kindly mark the words "makes full and true disclosure of his income" voluntarily, only then the Commissioner of Income-Tax can waive penalty or interest. Now, what is the evidence of good faith; what is the evidence of voluntary conduct on the part of the company? How did he find it out? It is very easy to say, well, I am satisfied. How in a cavalier manner this statement refers to that. What does the Minister say in the statement:

"Since in the instant case, all these statutory conditions were fulfilled, the Commissioner of Income Tax on 24.6.1988 in exchange of his statutory powers waived penalty and interest..."

It is very easy. You make money, you enter into clandestine transactions, do not disclose to the Reserve Bank of India, keep it in a foreign bank, as and when it suits you, bring the money to India and disclose it and then no penalty, no other consequence. Any other person, who is not within this orbit, will be required to pay through his nose. Probably, Sir, COFEPOSA will be applied against them. But no, some people are here in this country above all laws. They are enjoying the best of it. Today this country is being fleeced of crores and crores of rupees and the people are dying of cholera, because you cannot provide money for them. These moneys which should have been in India are being enjoyed by your cohorts. Must this country be a mute spectator? It will never continue. That is why people are expressing their views repeatedly, as and when they are getting opportunity. I am sure that unless in this matter also you take the people into confidence, make the fullest disclosure, they will give their verdict in no time.

MR. DEPUTY SPEAKER: The Minister, Shri B.K.Gadhvi will intervene now.

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE

MINISTRY OF FINANCE (SHRI B.K.GADHVI): Mr. Deputy Speaker, Sir, the Finance Minister would reply to the whole discussion....(*Interruptions*)

SHRI S.JAIPAL REDDY: Sir, is he intervening or interfering?

SHRI B.K.GADHVI: Intervening. Since I had made the statement, I deem it my duty to intervene and put some clarifications.

Sir, at the outset, let me make it clear that the Government is totally committed to expose the corrupt practice indulged in by anybody, Government is totally committed to bring the culprits to book...(*Interruptions*)... and the Government is not at all interested in shielding anybody's act of commission or omission which amounts to a crime. In this case, political motivations have been imputed and through the hollow rhetorics and oratory, they have tried to create some cobwebs, but, I am sure, they are not going to bear the burden of truth. I come from a village and this is the monsoon season. I know that in the ponds, the buffaloes enjoy the wallowing in the mud. Here also the mud-slinging is an enjoyable commodity to the Hon.Members setting opposite....

(*Interruptions*) I am not yielding to anybody...(*Interruptions*)

This continuous habit of mud -slinging on others...(*Interruptions*)

Sir, I am within my rights to say that this continuous habit of mud-slinging on others and this continuous habit of misleading the facts and circumstances...(*Interruptions*)

SHRI S.JAIPAL REDDY: Sir, I am on a point of order.

MR. DEPUTY SPEAKER: What is your point of order?...

(Interruptions)

15.00 hrs.

SHRI B.K.GADHVI: I have not compared you with buffalo. Don't worry.

SHRI S.JAIPAL REDDY: What about the period of last one year?

PROF. MADHU DANDAVATE: You can compare us with buffalo, but for God's sake don't compare us with the Congressmen. That is all.

SHRI B.K.GADHVI: I am not yielding Mr. Reddy. When the notice for tenders was given, when the tenders were invited, in that it was specified that if they have got any representative or agent, then it should be mentioned in the column and Sumitomo Corporation did not mention. They mentioned that they had no agent, Indian or anybody. They did not mention this.

SHRI S.JAIPAL REDDY: He has explained to my point of order, Sir.

SHRI BASUDEB ACHARIA: Not even consultant...?

SHRI B.K.GADHVI: Sir, this habit of mud-slinging is constant. When the Members sitting opposite don't find anything wholesome and truthful, they always try to create an impression to run down any institution, to run down even the integrity of the officers who are putting up their best to run the administration and to find out the culpability of any individual or the company.

SHRI B.K.GADHVI: Not even Consultant; they did not say anything about it and if some Members have stated that because of the information furnished to us by the Japanese Government that we came to know of it, that is also not a correct statement. From the revised return from the party, from Jyotsna Holding Private Limited, we came to know that this was the deal between Sumitomo Corporation and them. The Government of India and nothing to do with this.

Sir, let me make it clear that the Government is not holding any brief either for Mr. Suri, or Jyotsna Holding, or Sumitomo, or any corporation or any individual. We have got nothing to do either with Suri or with Sumitomo, excepting that we gave some supply contract to Sumitomo company. But let me make it clear also that in this case, about the deal of Jyotsna Holding Private Limited with Sumitomo Corporation, Government came to know only when the Company filed the revised returns. It was never brought to the notice of the Government of India by the Government of Japan neither in 1985 nor in 1986 nor in 1987. Only when they filed a revised return, last revised return, we came to know that this was the agreement between the two. That is why in the statement we have mentioned that we are enquiring from Sumitomo Corporation also about this dealing with Jyotsna Holding Private Limited.

(Interruptions)

So, in this case when it came to our light, on both the accounts which the Hon. Members in the August House indicated as to whether there was a breach of any FERA Act or whether there was a breach of the contractual obligation on the part of the Sumitomo Corporation on both accounts we have instituted enquiries and investigations are on.

(Interruptions)

SHRI S.JAIPAL REDDY: When?

SHRI B.K.GADHVI: I can tell you that so far as the violation of FERA is concerned, it was much before the 'Statement's version came out.

(Interruptions)

SHRI S.JAIPAL REDDY: The revised return was filed on 31-7-87. This was one year and 3 days back.

(Interruptions)

SHRI B.K.GADHVI: I am not yielding. Why are you getting up? I would not give the date in the interest of the good and efficient investigation. You would come to know when we complete the investigation and results come out. But one point I wanted to make that Mr. Reddy, Mr. Somnath Chatterjee and others had hinted as if this Jyotsna Holding Private Limited was a front man or was working as a conduit. That I can draw inference from your speech. I would say that in that case, as my friend and very able lawyer Mr. Somnath Chatterjee, would appreciate, that Rs. 6.5 crores came to India, part of payment was made as a tax—about Rs. 3 crores or something more—and balance remained.

SHRI BASUDEB ACHARIA: After two years...?

SHRI B.K.GADHVI: Two years... that is not important. But what I am submitting before the House is as to where the balance is, that we have been able to find out that the Jyotsna Holding Private Limited have invested about Rs. 2.74 crores in their another concern for which balance sheet certified by the Chartered Accountant was there. Therefore, if it was merely conduit, then balance of money must have gone somewhere else, as it is your misconception. But that is not a fact and therefore, I say that to raise something pointing out to the nexus to an August House, of the highest leader of this country is totally motivated, unfounded and it is concocted. I refute that allegation. Our friend in the Rajya Sabha has already denied it in the press as well as in the House.

SHRI S.JAIPAL REDDY: What did he deny?

SHRI B.K. GADHVI: And I say, we hold the version given by an Hon. Member of Parliament with more and greatest credibility unless contrary is proved, than any version given by anybody outside the House.

PROF. MADHU DANDAVATE: Mr. Salve called it as a moral turpitude.

SHRI B.K.GADHVI: Whose moral turpitude?

(Interruptions)

Moral turpitude of whose? It may be the moral turpitude of the Sumitomo Corporation because they did not disclose the name of the agent, but nobody else's.

SHRI S.JAIPAL REDDY: Why don't you blacklist it?

SHRI B.K.GADHVI: And therefore, I say that we are not holding the brief for these two private concerns and if there is an agreement between two private concerns, two private entities or the individual companies when the Government of India was aware of it, neither ONGC nor the Gas Authority of India then what concern we have got? On the contrary, as you compliment, we also say—I have made a clear indication in the Statement that at no point of time ONGC or the Gas Authority of India or the Government of India have any consultation. They did not consult this Jyotsna Holdings Company, they had no connection, they never came in. *(Interruptions)* That is for the Sumitomo Company to explain, not for us. The Government of India is not running Sumitomo Corporation.

SHRI SOMNATH CHATTERJEE: Money can be illegally hoarded outside and

[Sh. Somnath Chatterjee] somehow brought here and invested in some Company. That means, everything is washed away.

SHRI B.K.GADHVI: I don't say that money is being held up outside and brought up at a belated stage, then that could be washed away. That is not the method because there we don't say that. We say that the matter under investigation is under FERA. But so far as your one point is concerned, that is about the late payment of self-assessed tax, on that let me tell you that proceedings are pending under relevant Section 140A and action would be taken on that.

SHRI SOMNATH CHATTERJEE: When it was started?

SHRI B.K.GADHVI: It is pending, not yesterday. It is pending and we will take action on that and whatever penalty is imposed...*(Interruptions)* I am not yielding. Why are you getting up unnecessarily and getting yourself exhausted?

SHRI SOMNATH CHATTERJEE: This is done after the disclosure. In a day or two before, it had started.

SHRI BASUDEB ACHARIA: Yesterday it started.

(Interruptions)

SHRI SOMNATH CHATTERJEE: They cannot deny the date of payment which is 12th of September; all other documents can be backdated, and this is what is happening in this case...*(Interruptions)* because payment is dated 12th September, they cannot tamper with the document.

SHRI B.K.GADHVI: I know that my learned friends have become so habituated that it is quite impossible for them to swallow

the truth. If you give them untruth, then only they can swallow it because they are habituated with the untruth and they are allergic to the truth.

So far as the other points are concerned, the Hon. Members would say....

(Interruptions)

SHRI SOMNATH CHATTERJEE: Your statement is not complete. Your statement yesterday said that penalties and interest have been waived. Is it a truthful statement?
(Interruptions) You misled the House.

SHRI B.K.GADHVI: Mr. Somnath, you being a distinguished lawyer, the penalty and interest which we have waived is not for late payment of this tax. It is for some other reasons, other lapses.

(Interruptions)

SHRI SOMNATH CHATTERJEE: What is this section 139(8)? What is this section 217? What are all this?

AN HON. MEMBER: Why you have waived?

SHRI B.K.GADHVI: Why we have waived, we have given the explanation in the statement.

AN HON. MEMBER: What are the other compulsions?

(Interruptions)

SHRI B.K.GADHVI: I am not yielding.

So, Sir, this penalty specific under 140A, has not been waived. The matter is pending and the decision would be taken.

Now, Sir, another point which I should

explain in my intervention was....

PROF. MADHU DANDAVATE: All files should be kept in the rack, because 200 files in the Defence Ministry have been stolen.

SHRI SOMNATH CHATTERJEE: Not a single file is in the income-tax office. All have been removed. It is now lying with Mr. Gadhvi.

SHRI B.K.GADHVI: I have told you, records would not be tampered, as you apprehend.

SHRI BASUDEB ACHARIA: You place all files on the Table of the House.

(Interruptions)

SHRI B.K.GADHVI: I do not yield but they go on making interruptions. So far as bringing the money, the question of belatedly bringing it is concerned, it is a separate matter and whether it constituted an offence or not, that is a matter of inquiry and investigation. But so far as bringing the money from abroad through regular banking channel is concerned, it does not require Reserve Bank's permission.

SHRI SOMNATH CHATTERJEE: Bringing does not, but what about storing?

SHRI B.K.GADHVI: That is a separate matter.

SHRI S.JAIPAL REDDY: When the depositing was illegal, will you kindly explain the other aspect of it, the legal aspect. It was kept illegally for 30 months.

SHRI THAMPAN THOMAS (Mavelikara): No accountability to bring the money and no accountability to take the money?
(Interruptions)

SHRI B.K.GADHVI: How can I respond

to you, when I am not yielding? How do you expect me to respond?

MR. DEPUTY-SPEAKER: Mr. Minister, you address the chair.

SHRI B.K.GADHVI: So, in these areas.....

SHRI SOMNATH CHATTERJEE: Government is happy from whatever source the month is brought in!

SHRI B.K.GADHVI: So far as Income-Tax authorities are concerned, they were looking only from the angle of assessment and recovery of the tax. Mr. Somnath Chatterjee also referred as FERA cell in the Economic Affairs. Well, we have got a Directorate of Enforcement but it is not with the Income-Tax Department.

SHRI SOMNATH CHATTERJEE: Kindly see, it is in the Department of Economic Affairs.

SHRI B.K.GADHVI: We have got Enforcement in the Finance Ministry. They do their work and they are investigating this case also.

SHRI SOMNATH CHATTERJEE: Then, why do you emphasise there is no FERA Cell in the income-tax office? Why was it emphasised in the statement? Was it only to show that the Income-Tax people could have no intimation of the FERA violation?

SHRI B.K.GADHVI: For your benefit, I would yield for once. That is because, the story appearing in *the Statesman* alleged that there is a FERA cell in the Income-Tax Department and they alleged certain activities on behalf of that cell.

(Interruptions)

[Sh. B.K. Gadhvi]
'Mulo Nasti, Kuto Shakha'

When there were no roots, there could not be branches. So, we said, in the Income-Tax Department, there is no FERA Cell. That is the statement and you would appreciate it, if you carefully have gone into it.

SHRI SOMNATH CHATTERJEE: You should have mentioned that this work is done by some other agency.

SHRI B.K.GADHVI: We are yet to appoint you as our adviser, to say you should have done like this and that.

SHRI SOMNATH CHATTERJEE: I have appeared for your Department many times and yet to lose a case appearing for the Government. I will find out whether I have got my fees or not!

(Interruptions)

SHRI B.K.GADHVI: If we have to engage you, we will have full trust and confidence in your capability, capacity and integrity...*(Interruptions)*

If we engage you as a lawyer on behalf of our Government...*(Interruptions)*

SHRI SOMNATH CHATTERJEE: I am not under your Department. You may better look into the serious cases properly.

(Interruptions)

SHRI B.K.GADHVI: We will not judging you from that angle. My submission is that you have become so subjective that your reason to asses in an objective manner has totally become obscure. That is why you cannot read even the statement in the proper perspective. You cannot appreciate even the facts presented by us also in the true and proper perspective. You continue to be

engaged in the realms of hallucination, sometimes in cob-webs and of course sometimes in fantasy also. I want to say that in this deal, the Income-Tax Department has not acted at anybody's behest. As per the law and procedure, they have done everything. About the other aspects, we have already told that they are under investigation. The deal between the two private individuals or the Concerns was mentioned. You have referred to it and linked it with something-else. There is no truth and there is no basis. It is totally a make-believe story that you are trying to build up. I hope when the Hon. Finance Minister also finally explains you, you would demolish your make-believe things, as I said earlier quoting some other comparables.

SHRIMATI GEETA MUKHERJEE (Panskura): Mr. Deputy-Speaker, Sir, first of all I congratulate the reporter of *The Statesman* and other papers who have brought out this latest scandal which stinks. Sir, before going into the statement, let me quote a Bengali proverb without meaning any personal offences to Hon. Shri Gadhvi. This proverb says:

"Ek kan kata jaye gramer vayerdie.
Aur dukaan kata jaye gramer bhitar diye."

What is the meaning of this proverb? If somebody's one ear is cut for any offence, out of shame he avoids by-passing the village and avoids people looking at him. But those whose bot the ears have already been cut, they do not care for by-passing the village. They go through the village... *(Interruptions)* I cannot but quote the Bengali proverb. I have never seen a better demonstration of this proverb either in the House or outside.

Sir, the ruling party in this House was eager to have this statement debated yes-

terday itself as a complete white-wash. It is a very doubtful case. I am neither a lawyer nor an expert nor I claim to have great connection with our learned Press but I am just a commoner. As a commoner, certain questions have come into my mind which I cannot but place here.

15.19 hrs.

[SHRI SOMNATH RATH *in the Chair*]

Sir, there is one question. It was already raised by Shri Madhav Reddi. But I have to repeat it in my own way. This Sumitomo Corporation gave such a huge sum of money of Rs. 6.5 crores to Mr. Suri, Jyotsna Holdings, as their consultants or their agents, I do not know. What was the contract that they were trying to have with the ONGC - HBJ Pipeline? As far as Jyotsna Holdings are concerned, as I understand, they never had any expertise in pipeline. As it is in the HBJ Project, a question that arises is, was it connected with some other kind of pipeline, some higher ups who had a clout in getting the contract? What that the expertise? Otherwise, why should Sumitomo give the consultancy for the HBJ pipeline contract to Jyotsna Holding? There must have been some expertise. It seems to me that conduit pipeline was the expertise. The Minister may explain whether this was so or not.

As far as paras 2 and 3 are concerned, my esteemed colleagues, Shri Jaipal Reddy, Shri Somnath Chatterjee and Shri Madhav Reddy have already raised certain specific questions about accounting, assessment, etc. I do not repeat those things. But those have not been refuted by the Minister. Those things stand.

In the statement it has been said:

"The allegation that there was any undue haste in passing an order under section 273A is incorrect."

Was there no undue haste on the part of Income Tax authorities in giving them a clean chit quickly, in getting their things quickly audited, calculated, cleared, etc? There was. This is a case of Rs.6.5 crores. I know of a case, the case of a very small industrial firm to whom the income-tax people went and said, "If you pay us now a sum of Rs. 10,000, it is alright; otherwise, if you do not pay us now, we are going to 'fasav' you for Rs.10 lakhs". I know, in that case, it took them full four years to get out of the situation where they never violated anything except committing the crime of not paying the amount of Rs. 10,000 in the beginning. So, this is the situation with the common man. And if you call this 'not undue haste'—this promptitude which was shown in the case of Jyotsna Holding, that is, Suri Saheb's very exceptional company what would commoners like us say? They would ask: how is it, for what reason, was this company shown this favour? The statement says, "in good faith". Was it in good faith that for three years it was concealed? Do the words of law have some meaning or not? Or, can they be twisted as you like, according to your liking for the person to whom you are applying that law?

Para 4 is about the voluntary thing. The next is the question of FERA violation. I also talk of section 16 of FERA the details of which have already been read out by Shri Somnath Chatterjee. I am, therefore, not giving the substance of it again; the whole thing is before you. Is it or is it not a fact that under this very law the delay in repatriation of funds to India is punishable? Was that part of the law not violated? was it not delayed? When was it deposited? When was it accounted for? You say that the Income-Tax Department have no FERA cell. I think, FERA itself is there. Or, has it gone to dogs? I have, somehow or the other, as a common person, been very much concerned with this question. What was the FERA administration doing? Did they go to sleep with their

[Smt. Geeta Mukherjee]
heads on fat pillows? If they did go to sleep with their heads on fat pillows, a question arises as to whether there was any sedative in the shape of passage of liquid pressure from high quarters through the conduit of a captain friend. Otherwise why did they go under sedation? That should have been explained here. This liquid sedation is a common man's doubt. How Mr. Gadhvi can you convince a very ordinary woman like me that they went into sleep just like that without any sedation when they are so much active in many other spheres?

SHRI B.K.GADHVI: There is a proverb in Sanskrit. It says:

"Labhet sivasu telam, kintu murkhasya chittam naradhyata"

You can explore oil from the sand, but you cannot convince the man who is not prepared to understand.

[*Translation*]

SHRI NARAYAN CHOUBEY: There is another proverb — "Murkhasya lathoshdhyata"

(*Interruption*)

SHRIMATI GEETA MUKHERJEE: That giving commission is an international practice is said by an Hon. Member, Prof. Kurien.

PROF. MADHU DANDAVATE: He was referring to United Nations' Commission.

SHRIMATI GEETA MUKHERJEE: Of course, it is an international practice. But whether that is an international practice or not, as far as these scandals are concerned, you have been so habituated with having scandals that for you this has really become such a blind practice now that nobody on

earth can make any sense to you excepting the electorate to whom you have to go again. If Allahabad has not satisfied you, according to our demand, please come to the electorate immediately and face the situation. Nobody else is in a position to influence you or make sense to you, let alone a very ordinary commoner like me.

Therefore, I must say that this very statement itself and the explanation both smack of stinking scandals, whatever you may give the name. There is another proverb in Bengali with which I will end.

"Golape je name dako shugandho before"

That is, by whichever name you call the rose, it emits good scent. Here it is the other way round. Whatever name you may call these things - whether consultant's fee, or kickback, or agency consultancy, whichever name you give it - it does emit stinking flavour.

Let them face the electorate and then this issue will be settled. With these words, I seek these clarifications.

[*Translation*]

SHRI NARESH CHANDRA CHATURVEDI (Kanpur): Mr. Chairman, Sir, today our learned friends from opposition tried their best to prove certain things but it was impossible to prove them and it is still impossible. Our Finance Minister has made his statement only yesterday and even today he has made certain clarifications in his speech which has cleared many doubts.

(*Interruptions*)

Mr dear friend Mr. Jaipal Reddy raised certain things on flimsy grounds which is based only on doubts and suspicious and no precise argument has been forwarded to substantiate it. Shri Madhav Reddy also

spoke on the sometimes and stressed the same just in a more emphatic tone. My Hon. friend Shri Somnath Chatterjee also pleaded the same thing like a seasoned lawyer who though takes up the wrongside of the case, speaks in its favour with utmost confidence to impress and convince the judge who remains the least affected by the baseless arguments of the pleader though the audience of the case may be found fully impressed with those arguments because everybody knows it that a famous lawyer has full command over his language and the deep knowledge of law. That is why the two prominent lawyers pleading for and against a case, interpret the provisions of the law in the most impressive and convincing manner but it does not make much difference to a judge as it has no meaning to him. Similarly Shri Somnath Chatterjee who is a learned fellow was referring to the Income-Tax laws and he talked about FERA very logically, I accept it. Sister Shrimati Geeta Mukherjee also spoke about the role of doubts and suspicions in such matters and has raised a point why these doubts arise. I want to make the position clear. At present, our Government, departments have developed such systems and procedures of their working that a common and a VIP are not treated equally. This provides a scope for the people to have doubts in their minds. I feel that doubts and suspicions should not be allowed to permeate in the country. It should be done away with. Mahatma Gandhi has said that well should be honest and true to ourselves in our speech and actions and people should have their faith in us. Our character, our behaviour and our work should have the mark of our integrity and we should learn to work properly with a pure heart and mind. Even the Government employees of our country ought to learn to treat all the people equally, be it a common man or a V.I.P. or howsoever important he may be. The same law should be applicable to all. If there have been any FERA violations, there is no doubt that action will be

taken in this regard, as our Hon. Minister has also clearly said it here. I have to make only one submission to the opposition that as we all believe in a democratic system and have full faith in parliamentary democracy, it won't be proper for us that, we make false allegations and counter allegations against each other just on the basis of doubts and suspicions and continue to stress upon them in this highest institution of the country. I consider it a national offence if we do not make proper use of the money of poor masses which is being spend here on this Lok Sabha and keep ourselves busy in blaming and letting down each other. I feel that such a situation should not arise and we should not work in that manner. What is the point in raising so much hue and cry on such petty things? A case involving an amount Rs.6 crores and 35 lakhs was brought before the Income-Tax authorities. The only concern of the Income-Tax department was to ascertain the fine of action in regard to the persons who gave this amount and those who got it. After all the gentleman who got the amount in this case is an Indian national. The main thing to be seen in this case was whether that amount was mentioned in income tax return.....(*Interruptions*) In this case also, third exemption has been given as per the provisions of the law and I want to mention it that many such similar instances have been noticed in India where people did not submit their returns for a period of 10 years. If somebody commits a mistake and later on, is prepared to correct it, income tax law permits such a man to show the entire amount of his income in a subsequent return if it was partially shown in the income tax returns for the year 1984-85, 1985-86 and 1986-87 respectively. There is nothing wrong in it. Where is the room for any doubt in it? If some one has very clearly mentioned in his revised return that he has received Rs.6 crores and 35 lakhs from a Japanese company and he has also paid an amount of about Rs.3 crores as income-tax on the amount, then how does it leave any scope

[Sh. Naresh Chandra Chaturvedi]
for doubts in this regard?

If you want to criticise the working of income tax department, you may do it. You have alleged that people in that department work only after accepting bribe, somebody has gone to the extent to say that sometimes things are reversed to the detriment of the Government. I do not want to comment on the working of the department but one thing is very clear that if somebody has paid income tax on the amount of Rs. 6 crores and 35 lakhs, income-tax department can not be blamed for that. If the Government declares that no rule has been violated and in case a man wants to correct his income tax return, he may do so before the imposition of penalty or institution of any enquiry against him and he will not be held guilty. In case of voluntary disclosure, he is not considered guilty. If a man has paid his income tax well in time, he as a Indian citizen has a right to appeal and submit an application for exemption from penalty and the interest thereon and if he gets such an exemption, there is nothing illegal in it.

I want to draw the attention of the House to a planned attempt which is going on now-a-days to tarnish the image of our Prime Minister. When such people did not get anything against the Prime Minister to substantiate their allegations, they started blaming the people close to the Prime Minister to malign them. If anything substantial is found against them I shall welcome it....(Interruptions) I do not want to mention the names of such persons because Reddyji has been prevented from doing so. After these speeches and the statement given here, whether you have been able to prove anything even after all your possible attempts against that Hon. Member of this House, who has been defamed. If it is not so, then why the efforts are being made for the Character assassination of an individual just on the basis of doubts? If you start following this practice of

character assassination in this democratic system of ours, nobody will be spared in our country. Then you will start involving the various institutions on false allegations, doubts and suspicions. Hence I want to submit to the opposition particularly and respectfully that they should bear it in their minds that thereby they will be harming the entire nation. If you make efforts to defame the highest seat of power, the highest person and the highest institution in the country, mere on false, doubts and suspicions, it will not only endanger the democratic system of the country but it will also harm the entire nation.

It is repeatedly stated that people will decide. We also do not dispute it that people will not decide. Just now our Hon. lady member has claimed that Allahabad has given a mandate but I also maintain that Pali and Udhampur also have given their decision.(Interruptions) Let us take the time earlier to it. Three years back 425 members of this house were elected on the Congress ticket and only 125 to 150 candidates could succeed on the side of the opposition. They also belong to 15-16 different parties. That was also the peoples mandate. We may again see after one year. You will see which party is voted to power by the people. After one and a half year if the people elect you and you happen to come out victorious with a heavy margin of seats then you should care to us. Now there are total 150 members in the opposition and they also belong to 15-16 different parties, hence it does not behove them to talk about the leadership of the 78 crore people of the country. It does not make a difference if one wins or loses in by election. I want to submit if you want to win elections in the atmosphere of doubts and suspicion and have the people's mandate in your favour. If the people had voted on those grounds, but for once, we would not have been here from 1952 to 1988. This is eighth Lok Sabha and the people have given you a

Jyotsna Holding

fitting reply every time. If you want to get elected to the ninth Lok Sabha on the people's mandate, you will get a reply in 1990.

I urge upon you to keep restrain on your language, emotions, conduct and feelings so as to cause no harm to democracy. If you can avoid it, then whichever party may win the elections and get elected to this House, but only those people will rule the country who work for the welfare of the public. With these words I thank you.

[English]

CHOUDHARY KHURSHID AHMED (Faridabad): Sir, the discussion with regard to the payment to the Jyotsna Holdings has started with a few contracts. This Jyotsna Holdings entered into an agreement with Sumitomo Corporation and the charges were settled for services. What were the services in the crux of the whole thing. What kind of expertise has this company been rendering to the Japanese Company is also to be seen with what motive this money was paid is also to be seen. Jyotsna had agreed to act as a consultant for Sumitomo Corporation with respect to the tenders. Jyotsna provides Sumitomo with assistance, advice and other services for which the Sumitomo Corporation requests from time to time and otherwise used the best endeavours of Jyotsna to assist Sumitomo Corporation in the negotiations with the customer. It is all for the purpose of successful conclusion of the contract in respect of the tender. That is the crux of the whole thing. That is the expertise available with this company, i.e., best endeavours, approach and negotiations with the customer. Who is the customer in this game? It is the ONGC headed by the Department of a Government, controlled by the Government of India. The only expertise which is required of Jyotsna is to negotiate and finally conclude this agreement successfully and for that a hefty sum of Rs.6.5

crores have been awarded to this company. This is the only expert service which they have rendered. So, what does it smack of? Does it need any business experience? Does it need any other thing except the conduit of the connections, except a direct approach to the authorities who were in a position to decide about the awarding of this contract? If such sums are paid without any service of expert nature being rendered to any foreign supplier, then what does it tell? It tells the whole story. You need only to have right connection and no other expertise in this country. For that they get a hefty commission from a foreign country and they do not make it known until the time it is discovered and some agency report says somewhere that money has been taken. Even then they do not take it straightaway. They adopt another procedure. They put it in a foreign bank and with the help of a foreign company, they get it. It is for the Hon. Minister to say what were the sources which brought it to the notice of the Income Tax Department. A very insignificant company, supplying only aircrafts to the Delhi Flying Club comes up with returns for the previous years; in fact, it revises its returns. A company which was losing Rs.40 lakhs a year turns into a very profitable organisation and that too not by doing any business, in its name. While the Hon. Minister was intervening, he mentioned that they had done so in the name of their sister company. In fact, it is not a company, it is a cover up arrangement for somebody to collect money without rendering any particular services.

With regard to the Income-Tax affair, everything has been explained clearly by Shri Somnath Chatterjee. Whatever explanation has been given by the Hon. Minister when he intervened is not satisfactory.

With regard to FERA. If the FERA Department had taken care of it and if that Department had initiated the proceedings, what would have been the implications in

[Choudhary Khurshid Ahmed] this case? The company could have been fined and penalties imposed into the extent of about Rs.30 crores. That respect is being overlooked by the Members from the other side when they spoke. Why is this special favour being shown to this company? I need not to into the details as to how many days and hours it took for the Income Tax Department to decide this case. It was very ably explained by Members from this side. If it is a company of a small origin, an insignificant company, it takes four years to decide their case, but if it is a company which has foreign connections, foreign monies are flowing into the country, then our Income Tax Department comes up with the speediest disposal of the case. And that too not in every case, but only in case. How many other cases have been decided so expeditiously as this case?

Looking into these facts, we believe that whatever is the origin of this company, whatever Mr. Lalit Suri does or whatever his dealings are, but those dealings are with very powerful connections, with the customers which have been named in the agreement. The customer is nobody else, but an agency of the Government of India and the Government of India is not fiction, no abstract thing, it is named by people, with flesh and blood, right sitting in this House. And Mr. Lalit Suri has right connections with anyone of them and he gets Rs.6.5 crores of rupees just in two contracts and for no services, just by getting the contracts.

If such things continue and even if our friends on the other side say that these things should be overlooked, they should not be discussed, well these things cannot be ignored; they have to be brought to the notice of the public and it is at the bar of the notice of the public that these things would be taken notice of and they would give their verdict and draw their own conclusions at the proper time. The coming events are casting

their shadows even now. Let them dismiss the by-election results are not being an index of popularity or unpopularity, but coming events cast their shadows before and whatever happened now would be repeated by them, if they go to the polls tomorrow or day after.

SHRI MANOJ PANDEY (Bettiah): Mr. Chairman, Sir, the Hon. Members of the Opposition have tried to discuss yesterday's matter from different angles. There are many aspects to this discussion. One of the aspects which I want to bring to the notice of Hon. Shri Jaipal Reddy, is that O.N.G.C. invites tenders and the tender is awarded to the Sumitomo Corporation of Japan. Nowhere does the Sumitomo Corporation state nor does the Central Government have any information that the former has appointed any Indian as its agent. Sir, the Central Government does not have supernatural powers to find out whether any foreign company has a relationship with any individual. Perhaps only God could be aware of such things, not human beings. Until the Company itself gives this information it would be wrong to level allegations against the Government. This is the worse form of false propaganda and nothing can be gained by it. Hon. Shri Jaipal's points need to be presented in a proper form. That is what I am trying to do.

Secondly, after finalisation of the tender, the Sumitomo Corporation declares it in the return of 25th August, 1987 in the form of a certificate. This certificate is given on 25th August, 1987 and the assessment begins on 27th November, 1987. The role of the Income Tax Department begins at this point. The Opposition parties accuse the Income Tax Department showing haste. The Sumitomo Corporation furnished the information that a firm called Jyotsna Holdings has earned Rs.6.35 crores. If the Income Tax Department takes up three months of September, October and November it can-

not, in any way, be accused of showing great haste. It is wrong on the part of the Hon. Members of the Opposition to allege that undue haste has been shown and a quick assessment made in order to wrap up the case. The Hon. Members of the Opposition have themselves said that the certificate issued by the Sumitomo Corporation is dated 25th August, 1987. They are requested to read the Hon. Minister's statement. The Opposition did not mention this point. They have deliberately overlooked this point and tried to put forth their argument by concealing this fact.

Another point mentioned by the Opposition relates to assessments done in 1985-86, 1986-86, and 1987-88. Several doubts have been expressed... (*Interruptions*)... It will soon be clear as to who is being truthful and who is lying. There is no doubt that the Opposition has been misguided. They have alleged that the Income Tax Return was submitted after the expiry of date of submission. They further allege that the Income Tax Department did not impose a penalty for the late submission of the Income Tax Return. In throwing these allegations the Opposition has wasted four precious hours of the House today. If only they had read yesterday's statement given by the Hon. Minister, everything would have been clear. Explaining the late submission of Returns, the fourth point says:

[*English*]

The company made petitions dated 18.3.1988, 21.3.1988 and 28.3.1988 before the Commissioner of Income tax for waiver of penalty u/Sec. 273 and interests u/ Secs.139(8) and 217.

[*Translation*]

Sir, what I mean to say is that the word 'penalty' has not been used. The allegation as to non-imposition of penalty for late

submission of returns is baseless. The Opposition cannot make this allegation stand as the Hon. Minister's statement has made everything clear.

Another allegation which has been levelled is that penalty was waived and undue favour shown in this case. Perhaps our Hon. Colleagues have forgotten that every Indian has the right to disclose his income to the Income Tax Department. If for some reasons, any of the Returns has not been submitted in time he is entitled to represent the same in the form of a revision petition before the Income Tax Commissioner. This right is enjoyed by every Indian and not by any particular individual. Under the same system if this company or any of its officials admits a revision petition, the action cannot be termed improper. Moreover, the Income Tax Commissioner also has the power under Section 139(2), to waive the delay. He can do this when he receives a revision petition and the defaulter voluntarily owns up his guilt and prays that he may be charged whatever is due from him. Therefore, there is no question of undue favour in this case. Returns of those two years have been submitted and the income of Rs.6.35 crores during that period has been clearly shown. Our Hon. colleagues should not forget that the Government has received Rs.3.80 crores out of that amount by way of assessment dues. Apart from these points if there had been any other irregularities, penalty would certainly have been imposed.

Mr. Chairman, Sir, please give me two minutes more. I have to respond to all those allegations. I am not short of response.

As far as investing money brought from abroad is concerned, we all agree that action should be taken under the rules. The Hon. Minister's statement, which the Hon. Members have with them, says that action is to be taken against those who violate FERA and the Government is certainly taking action.

[Sh. Manoj Pandey]

All doubts expressed by Hon. Shri Jaipal Reddy are baseless. The Opposition should be ashamed of accusing the Hon. Prime Minister and his colleagues of accepting bribes. They are not going to gain anything from throwing false accusations.

As far as politics is concerned, we all to indulge in politics which the Opposition is indulging in. The Government also can play the dirty politics which the Opposition is resorting to. Many things can be said here in this house.

[English]

MR. CHAIRMAN: The Minister will reply tomorrow.

16.01 hrs.

DISCUSSION UNDER RULE 193

[English]

**Atrocities on Harijans and Adivasis in
different Parts of the Country**

MR. CHAIRMAN: Let us go to next item. Discussion on the Atrocities on Harijans and Adivasis in different parts of the Country. Shri Balwant Singh Ramoowalia.

[Translation]

SHRI BALWANT SINGH RAMOOWALIA (Sangrur): Mr. Chairman, Sir, today we have brought a very serious matter before the House to discuss the atrocities on Harijans and Adivasis in the country.

Originally in our society, division of labour was introduced to gain expertise but later which Minister is listening?

THE MINISTER OF STATE OF THE

MINISTRY OF WELFARE (DR. RAJENDRA KUMARI BAJPAI): I am listening.

SHRI BALWANT SINGH RAMOOWALIA: As I was saying, later on this was converted into casteism permanently and with the passage of time the powerful sections in the upper strata of society began to exploit the lower sections in order to live a life of comfort and luxury. This is the deplorable conditions of our present day society which I want to describe in the beginning.

Society was divided into four classes—Brahmins, Kshatriyas, Vaishyas and Shudras. The people belonging to the upper class became all-powerful and began to exploit the lower sections. Today this poison has seeped into every strata of our society—a society which is preparing to step into the 21st Century.

In this land of holy saints, some people are still categorised as untouchables and Adivasis and atrocities on them continue unabated. I want to quote a report in the Press related to this issue. In reply to a question, it was said in this House:

[English]

"Uttar Pradesh has the dubious distinction of reporting the highest number of rapes and murders of Scheduled Castes people during 1986-87. It is followed by Madhya Pradesh and Bihar, where casteism still reigns supreme. West Bengal, however, scored a distinction of another sort: only two rapes and no murders reported till November 1986."

This is according to a statement given by the Deputy Minister of Welfare, Mr. Giridhar Gomango in reply to Mr. Ajoy Biswas in Lok Sabha. This is not my version—i.e. about West Bengal. So, we see that the Minister has said that Madhya Pradesh had 151