

[Shri Harish Rawat]

The directorate should have the power of monitoring to see if entrepreneurs, etc. to whom exemption is being given, are not investing money in this field only to avoid payment of taxes.

Though this bill has been brought forward in a haste, it fulfils the long aspirations and long standing demands of the people and all of us should welcome it.

[English]

MR. CHAIRMAN: Shri Narayan Choubey, you please be on your legs and continue for sometime because at 4 o'clock we have to take up the discussion under Rules 193.

SHRI NARAYAN CHOBHEY (Midnapore): Sir, everybody stands on his/her legs only and not on the head.

Sir, this is a very bulky Bill. It has been circulated only on 11th November 1987 and we are discussing it today...

MR. CHAIRMAN: You may continue next time.

16.00 hrs.

DISCUSSION RE REPORT OF
INQUIRY INTO EVENTS AND
CIRCUMSTANCES LEADING TO
ARRANGEMENTS ENTERED
INTO WITH FAIRFAX
GROUP INC.

[English]

MR. CHAIRMAN: Now, we will take up Discussion under Rule 193 on the Report of Inquiry into events and circumstances leading to the arrangements entered into with Fairfax Group Inc., laid on the Table of the House on 9th December, 1987.

Shri Indrajit Gupta.

SHRI S. JAIPAL REDDY: (Mahbubnagar): Sir, I am on a point of order whenever the reports of commissions are laid on the Table of the House, it

is obligatory on the part of the Government to enclose therewith a memorandum of action taken thereon. In the instant case, the report has been placed on the Table of the House without the memorandum.

MR. CHAIRMAN: Memorandum on Action Taken is also enclosed.

SHRI S. JAIPAL REDDY: No Sir. Let me read out what it says:

"Government have accepted the findings of the Commission. Various recommendations of the Commission are under examination..."

Acceptance of the recommendations of the Commission does not amount to action taken. What other action in the wake of the report has been taken? That is what I am referring to.... (Interruptions)

SHRI AMAL DATTA (Diamond Harbour): Just see how laws are being flouted in the Parliament.

SHRI S. JAIPAL REDDY: Sir, let me read it out fully:

"Government have accepted the findings of the Commission. Various recommendations of the Commission are under examination and action taken thereon will be placed on the Table of the House within the prescribed period under Section 3(4) of the Commissions of Inquiry Act, 1952."

Therefore Action Taken Memorandum must be enclosed along with the report.

MR. CHAIRMAN: What do you say Mr. Minister?

(Interruptions)

SHRI S. JAIPAL REDDY: Sir let me read out Section 3(4) of the Act.

"The appropriate Government shall cause..."

(Interruptions)

PROF. K. K. TEWARY (Buxar): What is his point of order Sir? Why

is he trying to obstruct the discussion?

SHRI S. JAIPAL REDDY: It is we who demanded the discussion on this issue. We are not trying to obstruct. We asked for the discussion.

MR. CHAIRMAN: He has the right to raise a point of order. Let him say what he wants to say.

SHRI S. JAIPAL REDDY: Sir, Section 3(4) of the Commissions of Inquiry Act says:

"The appropriate Government shall cause to be laid before the House of the people or as the case may be the Legislative Assembly of the State, the report, if any, of the Commission on the inquiry made by the Commission under Sub-Section (1) together with a memorandum of the Action Taken thereon within a period of six months of the submission of the report by the Commission to the appropriate Government."

THE MINISTER OF PARLIAMEN-
TARY AFFAIRS AND MINISTER
OF FOOD AND CIVIL SUPPLIES
(SHRI H. K. L. BHAGAT): What is the point of order in it? Why is he opposing the discussion?

MR. CHAIRMAN: You have yourself read that the Action Taken memorandum can be placed on the Table of the House within six months. There is no point of order.

(Interruptions)

MR. CHAIRMAN: So there is no point of order please. Memorandum of action taken has to be placed before the House within six months.

SHRI S. JAIPAL REDDY: I am asking about action taken memorandum.

MR. CHAIRMAN: It is implied both; either of them can be placed.

SHRI S. JAIPAL REDDY: When the Report is laid on the Table of the

House, it is obligatory or mandatory to place the action taken memorandum also.

MR. CHAIRMAN: Memorandum of action taken can be placed before the House within six months and not immediately. It is impracticable to expect from the Government to place on the Table of the House immediately action taken memorandum along with the report on the very same date. Therefore, I hold that there is no point of order. We can discuss this report.

Now Shri Indrajit Gupta.

SHRI INDRAJIT GUPTA (Basirhat): Mr. Chairman, Sir, the eagerly awaited report of Mr. Justice Thakkar and Mr. Justice Natrajan into this Fairfax episode is now made available to us and although as has been said just now that the Action Report according to you Sir, will come later on, nevertheless, we have got a chance and opportunity to make some observations on the Report as it is at present before us.

Now, Sir, I would just like to remind the hon. Members that the context in which this whole Fairfax episode took place was the question of violations of foreign exchange regulations abroad. This is not a matter to be debated. It has been admitted so many times and in so many reports on the floor of the House that vast amounts of money are being illegally smuggled out of this country and deposited abroad. It is also admitted that due to various reasons, due to various factors, so far we have been singularly unsuccessful in trying to detect who these offenders are, much less to apprehend them or to punish them. But everybody agrees that it is a big drain on the country's resources, specially a country like ours which due to scarcity of resources is having to cut down on so many programmes which are meant to benefit particularly the common poorer sections of the

[Shri Indrajit Gupta]

people in our country. This is the context in which this Fairfax investigation or inquiry or whatever it is, was started and of course was not completed because midway has come this whole hullabaloo about what is this Fairfax; where did it come from, what is its nature who appointed it; what was the method of appointment, etc. etc. So, I would like to make quite clear in the beginning that whatever else this Commission's Report may or may not accomplish, one thing it has accomplished, and that is that these foreign exchange violators and particularly that company which is mentioned here against whom the inquiries were going on, i.e. Mr. Dhirubhai Ambani of Reliance Company Ltd. have gone scotfree. This is quite clear. When the Government replies to the debate, it should tell us in a more convincing way of what they propose to do in order to apprehend these criminals—I call them criminals because they are defrauding the country's resources? I will be happy to hear from the Government. Upto now, we have nothing in front of us except the fact that there are certain statutes which are in force but those statutes have proved powerless so far to catch these people.

The report of this Commission has mainly dealt within two or three issues. The Commission itself has said, at page 49 of its Report where they are discussing the nature of work of the Commission and some misconceptions which deserve to be removed—i.e. in Chapter IV at page 49 the Commission has said:

“...the work of a Commission of Inquiry is to gather materials for itself, sift the same according to their quality and relevance, and then find out for itself what the facts of the case are. The work of a Commission...”

This is important, Sir:

“The work of a Commission is of a fact-finding nature and not be an adjudicatory nature.”

So, the Commission assumes to itself the role of being an investigator of facts, finding out facts, and not primarily of being an adjudicator, which means this. Adjudication takes place in disputes. When there are two or more parties involved in a dispute, and the matter is referred to an adjudicator, then the adjudicator, after inquiry, gives a finding or a judgement or a verdict, maybe in favour of somebody, and against somebody. But they have said: ‘We are an adjudicating body. We are a fact-finding body.’

My main complaint against this Commission is this; of course, I cannot go into references of so many pages of this Report; I could do it, but it would take a pretty long time. I have read it rather carefully. My main complaint against the Commission is that the fact-finding side of its activities is much less, is minor; and the major part of its Report is completely a political sermon. I do not know if they think that that is their work, that that was the prime work of the Commission, i.e. to deliver all sorts of political sermons, I should say. For example—don't take it amiss—there is so much said in this Commission's report about the total undesirability, according to them, of engaging any foreign, private agency to go into allegations of economic offences committed abroad. One of the conclusions they have reached is that never should such a foreign agency be engaged. And why? There, they have gone into all sorts of political things—about possible links with CIA, possible links with those forces which are out to destabilize countries like India, etc. etc.

I am not for the moment going into the question of the procedure which was followed, to engage Fairfax. I think there are many things in that, which are open to question; the procedure by which this Fairfax agency was engaged. In fact—if you will bear with me—when a debate took place in this House on the 6th of April on the same subject, that is quite a long time ago, I had said—if you do not mind my quoting a few sentences from what I had said at that time:

“One big question that has arisen, that is being posed in this country, is whether

it is correct, advisable or not advisable to engage any foreign investigative agency for work of this type. My point is this: Have you got any independent machinery to carry out investigation against economic offences which are being committed abroad by our people? Have you got any adequate machinery? You have no machinery. For years and years now, thousands of crores of rupees are being smuggled out of this country. The illegal accumulation of funds abroad is being done, in gross violation of the FERA, by companies, by corporate bodies and by individuals."

So, the point I was arguing here was that at present Government of India has got no independent agency of its own to carry out such investigations abroad. But then I said—I quote:

"But I agree; if the Government decides that it is necessary to engage a foreign agency, we should be very vigilant about its antecedents, connections and the terms and conditions on which they are hired..."

"...Of course, we have to go into all that. But simply to say why should foreign agency be hired this by itself is a theory to which I cannot subscribe until you develop your own independent agency."

If there is prima facie evidence that there is being carried out flagrant violations of FERA and you are not able to catch those people because of inadequate information it may be necessary to employ a foreign agency provided you are sufficiently vigilant about the nature of that agency."

So, in April, this was the stand which I have taken; and I find Mr. Brahma Dutt is not here at the moment.

PROF. MADHU DANAVATE (Rajapur): He finds it very embarrassing.

SHRI INDRAJIT GUPTA: I do not know, but speaking in that same discussion on the same day, April 6, Shri Brahma Dutt said as follows:

"Another thing that was said repeatedly was that there is contradiction between my statement and the statement made by Shri Vishwanath Pratap Singh. It was said that he had said something else yesterday. I would like to draw the attention of the hon. Members towards these sentences only:

There was nothing unusual, illegal or immoral about the Government buying intelligence from abroad or engaging a free agency for the same."

This is a quotation, I presume from Mr. V. P. Singh which he had previously said to which he had referred. Then on page 5/7 he states as follows:

"I have also said this that our relation with them was that they will give us the information and we will make payment to them for that."

Its status was not that of the RAW or the CBI. Its status was that of an informer only which furnishes information and it is paid for furnishing the information. Other important information that I had furnished is that the Fairfax Group did not furnish any vital information to the Ministry of Finance or the Government of India.

The third important thing that I had said is that we had circulated a questionnaire to the companies abroad, which related to some companies in India. We got their reply direct and through the company also. At that time I had said that it had done the job of a courier..."

Courier means a messenger who collects information from some company and passes it on to the government. Then he further states as follows:

"We did not pay even a single paise to them."

Perhaps they did not receive any information from them, thought them or the information was not considered worth while to pay a single paise to them. So, this is all that for which Mr. Brahma Dutt is on record. He has nowhere said that this is a wrong thing that was done. After all, we must remember that this is a field of enquiry in which we are dealing with

a sort of under-world; this is a criminal world, under-world of people who are smuggling, who are robbing the country, who are using all sorts of dubious means to smuggle money out of here. I think if the Home Minister was here, he would agree that when we have to investigate activities of under-world, under-cover, criminals, who are operating at this magnitude, well, sometimes you have to employ other criminals to catch them; criminals are used to catch criminals. Here I don't think any criminal was employed. But it is done; it is known everywhere in the police world; everybody knows it. You cannot say that in this under-world, you must always behave like a proper gentleman. But I still say that the method by which Fairfax was engaged even to do this job only of an informer. I think everything on record does suggest now that what was agreed with them was only that they would collect some information and pass it on and if this information is considered valuable, then they would be paid reward as informers are paid. The biggest loophole in my opinion in the way in which this company was engaged—though perhaps it may be inevitable; I do not know—was that there is nothing on record. There is nothing in writing. It was all orally done. It was all orally done.—Even the Commission has not doubted the *bona fides* of Bhure Lal and Vinod Pande, and I know—at least this is what I used to hear a few years back—that these two officers and particularly Mr. Bhure Lal had become a terror—that they had become a terror—to economic offenders. They became a terror to those people who are violating these laws of the country and violating FERA. Nowhere in this report has the Commission doubted the honesty of purpose of these officers or that they had any other motivation than to try to detect and catch the thief. But the irony of the whole thing is that this whole report comes to a conclusion which says all kinds of words, doubts and suspicions on these two officers who were carrying out this investigation and allow the offenders against whom serious charges are there to go scot-free. This shows where we are in this

country. And certainly, I will not defend the method which was employed by Mr. Bhure Lal or Vinod Pande to engage this Fairfax company. I do not know anything about this Fairfax company.

In the past we were told that Mr. Hershman has been associated with the Watergate investigation in U.S.A. and that way technically he is considered to be a very competent person to carry out this investigation. I do not know this. These are all matters that we read. But the biggest loophole in the whole affairs, in this engagement was that nothing was on record. Now, if you say, for purposes of confidentiality and all that we do not want to put anything down on paper, which may later prove to be embarrassing for us or incriminating in some way the fact remains that if these officers who are directly concerned with this affair, suppose they were not there any more, suppose they were removed or transferred somewhere else—any officer is liable to be transferred—or some mishap occurs to one of them, so that he was no longer available and there was nothing on record, nothing in the files, then certainly it would create a very difficult situation, a very embarrassing situation. Here it is said that Mr. V. P. Singh himself has given testimony before the Commission, that he came to know of the identity of Fairfax only after he had been shifted to the Defence Ministry from the Finance Ministry, before that he had given a general oral instruction that in investigating such cases the help of foreign agencies can be taken, if you consider it necessary. Which particular agency or company is to be employed, or not I do not again know that. That is what he has said. And it was only after he had been shifted to the Defence Ministry that he came to know that this Fairfax was being used. So, while he was in the Finance Ministry, he may have given this general oral direction, but he did not know—he was not told—about this particular agency. The Prime Minister, according to Mr. V. P. Singh, was told about it by him later on when he came to know about it, and the Prime Minister never objected, Mr. Brahma Dutt never objected. They have not given any

information. It says that they have really not given us any information. We have not given any information to them either. So, where does the question of this security risk come from, I do not understand, which is being so much dilated upon by these two members of the Commission? If they had access to any information which we have supplied to them, and which they can use against us, I can understand it. But even the Commission does not say that.

Now, it may be argued that any company which is located in U.S.A. must necessarily be a C.I.A. outfit. Yet it may be of course but it may not be also. Every company operating in USA need not necessarily be CIA agent. As I have said earlier, before you engage a particular agency, you must look into its background, precedents and all that. That was I suppose done by those officers. I do not know. There was nothing on record. But, if it was really such a big security risk, Sir, how is it that even two months after that—two months after Mr. V. P. Singh had been shifted from this Ministry to the Defence Ministry—till the end of May—whatever arrangements made with Fairfax permitted to continue.

AN HON. MEMBER: He was shifted in January.

SHRI INDRAJIT GUPTA: The Finance portfolio at that time had been taken over by the Prime Minister himself. If it is the contention of some hon. Members that the moment he came to know that an American detective agency has been hired, and this is too much of security risk for our country; therefore those arrangements should be terminated immediately. It has been done at the end of May. They were allowed to continue for four months. Why? Apparently, at that time, it was not considered to be such a big security risk. I do not know. Somebody from that side will have to answer.

PROF. MADHU DANDAVATE :
In the month of May, there was no risk.
(Interruptions)

SHRI INDRAJIT GUPTA: Sir, we do not want to hear from Mr. Tewary about the CIA agent because about CIA; we are very conscious about it. The fact is that

you must not disbelieve your Prime Minister after an assurance was given by Mr. George Bush, Vice President, during his last visit to Washington, that the CIA is not engaged in any destabilising operation against India. He had believed him. He came and said that with great satisfaction. You now go on shouting CIA, CIA, this means that you are expressing no confidence in your own Prime Minister, you are disbelieving your Prime Minister.

PROF. MADHU DANDAVATE:
After voting the resolution day before yesterday.

SHRI INDRAJIT GUPTA: I do not agree with Mr. George Bush by the way. I do not agree at all... (Interruptions)

MR. CHAIRMAN: Mr. Indrajitji, why don't you address the Chair?

SHRI INDRAJIT GUPTA: I am so much attracted by Mr. Tewary that I really cannot tear my eyes away from him.

PROF. MADHU DANDAVATE :
Put some lady in the Chair.

SHRI INDRAJIT GUPTA: Sir, as I have already pointed out, I am really very much worried and disturbed about the way in which this particular company was engaged, because it leaves lot of loopholes open. Now, as you know, there is a dispute going on publicly in the columns of the Press, we have said that there was such an oral arrangement, verbal arrangement. I am not worried, at the moment. I am not going into that part of it. The report reads like a detective story. He came here under assumed name, he booked himself into Oberoi hotel and at the same time, Mr. Nusli N. Wadia came in; and his bill was paid for by Bombay Dyeing. I think it is of no consequence. I think these people are so daring like that and quite capable of it. I believe, I had said earlier in the debate that this was also basically a conflict between two big corporate giants in this country.

(Interruptions)

PROF. K. K. TEWARY : It is a matter of history.

SHRI INDRAJIT GUPTA : Yes, we are not interested in who wins and who loses—some may be on this side and some

Fairfax Group

may be on that side. This is a law of the capitalist jungle, this kind of fight between monopoly groups against each other, and they use all kinds of means and methods against each other. (*Interruptions*).

Anyway, what I was saying is that the element of controversy arises. Sir for example, it is reported in the Report also that all the transactions were oral and nothing was reduced to writing. Here is this gentleman, Mr. Drew McKay, Chief Counsel to the Fairfax Group. He has issued a statement from Washington on 11th December to say: "We have a written agreement", reiterating earlier assertions that the agency was hired by the Indian Government. He says that they have a written agreement. He may be telling the truth or he may not. Mr. Hershman is every now and then threatening that "I will produce whatever material I have got".

SHRI SOMNATH RATH (Aska): He is bluffing.

SHRI INDRAJIT GUPTA: It may be a total bluff. Let us hope so. I also hope so. If he comes out with something which is being concealed all this time, it would not be so good for me any people who are involved in this.

This was the way the Government was functioning. Mr. V. P. Singh was part of the Government. He cannot escape his part of the responsibility, nor can the Government escape its collective responsibility. The way the Government was functioning it is no use saying now that some bureaucrats were free to do what they like. That means, what is the relation between Ministers and bureaucrats? Of course, we know very well how the Government functions and we know how many Ministers, not all perhaps, are utterly dependent and make themselves utterly dependent on bureaucrats. And bureaucrats also keep changing, being transferred and all that. So the method by which this Government works is, in my opinion, really chaotic. About that also the Government should ponder and see whether the ways of its functioning require some drastic changes or not.

Much has been made of the fact and the Commission had gone to the extent of saying that "we could not and did not summon Mr. V. P. Singh or Mr. Bhure Lal or Mr. Vinod Pande because of the intransigent stand they had taken from which we understood that they do not want to give us any information." I submit that this part of the Commission's observations are total fabrication and that can be proved from their own report. How do they say a thing like that and get away with that, I cannot understand. They have sent a questionnaire, a long questionnaire, to Mr. V. P. Singh and others. And here is the whole reply to everyone of those questions in the questionnaire which was sent to them under sealed cover. Mr. Bhure Lal and Mr. Vinod Pande, I am told, also replied to the questionnaire which was given to them by the Commission. And the Commission goes on to say "because of their intransigent attitude, what we deduce was their refusal or reluctance to give information and, therefore, we did not summon them". It is a wonderful argument for two judges sitting in the Commission.

It is mandatory under rule 8(B) and 8(C) of the Commissions of Inquiry Act—you can see it yourself—that any person or persons against whom the Commission is likely to pass strictures or whose reputation is likely to be damaged by the findings of the Commission, they should be given notices. Then whether they appear or not, it is their look out. But they must be given notices. That means, that they must be given an opportunity to appear before the Commission and submit their opinions and views and answer any questions that may be asked. A mandatory provision of the Act has been flouted, absolutely in a flagrant manner. And these two justices expect other people to follow the procedures and legal provisions when they themselves have no explanation to give except to say that these people's attitude is intransigent...

SHRI BHOLANATH SEN (Calcutta South): It is based on the basis of the answers to questionnaires... (*Interruptions*).

SHRI INDRAJIT GUPTA: Sir, I am not yielding.

MR. CHAIRMAN : Please resume your seat. I would not, like to have such conversation. Let him make his submission.

PROF. MADHU DANDAVATE:
 Sir, he is exercising his fundamental right of ignorance....(Interruptions).

SHRI INDRAJIT GUPTA: Mr. Bhola nath Sen, you are a distinguished lawyer. Don't try to take advantage of me who has never read a book of law in my life. But you can kindly show me from this Report what is the evidence of their so-called 'intransigence' I would be very much obliged to you. They were prepared to cooperate fully with the Commission. They answered their questions. The only person to whom a notice was given as required by law, was Mr. Nusli Wadia. Well he may be an accessory to many things but he is certainly not one of the main figures involved. His own motivation may have been only that as a businessman he wanted his rival to be put in a difficult position. To him a notice was served.

THE MINISTER OF FINANCE AND MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI): From what page of the Report are you referring to 'intransigence'?

SHRI INDRAJIT GUPTA: I will give it to you, don't worry. Sir, with your permission—because I do not think he is going to reply to me just now—I will give him the page number as soon as I finish because I would not be able to cover my points in the short time available to me. Just two or three points I want to make.

Sir, if you go through the Report, there cannot be any other conclusion except that it is a highly political document. Suddenly, after so many months as this long Report and all that took, these two gentlemen—the Commissioners—at the fag end of the Report at page 289, have added a post-script. That means after the previous page 288, where they had completed their Report, something occurred to them, by which they had to add a post-script. If you read the post-script, which is only less than a page and a half, you will find nothing new in it which warranted any afterthought.

It is the repetition of the same thing which they have said so many times and at so many places in their Report ..(Interruptions).

SHRI GIRDHARI LAL VYAS (Bhilwara): Why are you...(Interruptions).

SHRI INDRAJIT GUPTA: How can I explain it to you?

AN HON. MEMBER: It is not possible

PROF. MADHU DANDAVATE: Sir, he is incorrigible.

SHRI INDRAJIT GUPTA: Sir, I would like to say that if the mere employment of this agency in the way Mr. Brahm Dutt admits that it was done—that they were being treated as some informer or as courier or something like that who would only be given payment after they have delivered the goods—is such a big security, rich simply by virtue of the nationality of that investigating agency—they may be big crooks; I have no doubt about it if they are doing this kind of underworld work—then how is their security less compromised by for example sending their Special Security Group, Protection Group to foreign countries for training? Is their security less compromised by that? Is their security less compromised by this new proposal for sending officers for training to that same USA? They must be sent there for training and then brought back from Harvard or wherever it is. Is Harvard a place which you can guarantee is free from all CIA connections? So, how can one allow what is being said here? Yes, some methods, some practices were followed which I consider to be irregular, not desirable. No doubt about it. But the motivations of these people were never questioned, and I do not question them for a single minute. The task in which they were engaged in trying to find out and catch some of these people, was in the interest of our country and that has been paralysed half way. These two Judges, who are so much concerned about our security and all that; in page after page, do not appear to be in the least concerned. about these economic violations and FERA violations which are going on. They are not worried about

[Shri Indrajit Gupta]

that at all here. Nowhere in this page they had said that destabilisation took place through economic means also, economic destabilisation. No. Why are you worried about that fellow? Who is he? What is he worth about?

AN HON. MEMBER: He is a top officer.

SHRI INDRAJIT GUPTA: Yes, yes, top officers will deal with all kinds of shoddy fellows and criminals in order to catch other criminals and some times, therefore there may be things done which are not advisable. I agree. But what happens to the main thing, the context with which I began? Therefore, if you think that by allowing these thousands of crores of money to be taken out of our country, there is no danger of economic destabilisation by that. All this destabilisation is only directly due to CIA's political activities. What about this that is going on? We are the least concerned about them. We do not make any serious efforts to catch these people. So many things have been talked about here in the last few days. What are you doing about that. Mr. Finance Minister? You should be more concerned than any other Minister because you are all the time struggling to get resources for your budget, your allocations and all your expenditure which is going up. But you are allowing these people to rob the country and take away this money and nobody is concerned about it. When one attempt that was being made perhaps not entirely a correct method had also been scathed. The only person who must be laughing up his sleeve is Mr. Dirubhai Ambani and some other people. But the way it has been said here in the report that two American Companies, one is Dupont—Dupont is a well-known name one of the big multi-nationals—and the other Chemotex, had indicated to the Government that they are prepared to give some information to the Government which is being asked for. But they will not give it through Fairfax. They are prepared to give directly to the Government. One of them said "you must send us a letter on the Government letter-head officially and we are prepared to give you information".

Mr. Bhure Lal for that reason, did it—it says here,—later on saw that an official letter with the help of our Embassy in Washington was sent to them. What information we got from those companies, I do not know. I do not suppose the Minister will reveal also whether that information has helped us in any way in this work of detection.

Sir, this is all what I want to say. I suggest that this report is hardly worth the paper it is written on. It is a witch-hunting report wants to give an alibi to the economic offenders by focussing all the attention on those officers who are trying their best to catch these criminals who are defrauding his country. Therefore, I say that this is a travesty of an enquiry and we cannot support it under any circumstances and we demand of the Government that they take more stringent measures and tell us what they are going to do about the main purpose which is to catch these criminals. Without that, Sir, we cannot be satisfied with the report like this.

[Translation]

SHRI BHAGWAT JHA AZAD (Bhagalpur) : Mr. Chairman, Sir, this Commission was constituted on 31st March, 1987, after the debate on the Fairfax issue took place in this House. The hon. learned Member who spoke before me and who has travelled world-wide, emphasised more on all the things which were not at all mentioned in the terms of reference and thus he did not touch the terms of reference. as to the purpose for which the Commission was constituted. But on the other hand, he surely pointed out what the Commission ought to have done of its own accord.

No Commission had ever been constituted till date in which two of the Supreme Court Judges would have examined these matters which were not covered under the terms of reference instead of those which were mentioned in the terms of reference.

He is resentful as to why the Commission laid emphasis in the cases of Shri Nusli Wadia and Shri Bhure Lal about whom there were no records and mentioned the facts very lightly. He being a

clever speaker laid emphasis on those points which are not mentioned here. He never revealed who was the incharge of the Finance Ministry but he did say that the hon. Prime Minister is accountable for this... (*Interruptions*)... yes, I agree and want to tell you the extent of accountability and what is meant by joint responsibility and collectiveness. If any of our hon. Members interprets it that the hon. Prime Minister should have a secretariat equal to that in East Block and West Block and that every hon. Minister should only propose leaving everything else to the hon. Prime Minister, then I beg your pardon, that is not the right meaning of collective responsibility. The meaning of collective responsibility is that the then Finance Minister has been given this much right by the hon. Prime Minister to make an enquiry, hire an agency and to maintain a proper record of it in a register after analysing every thing properly, and not the new interpretation which you want to give it.

You just look into the debate of the other day, what was desired by the hon. Members, including those of Shri Gupta's party, from the Government during this debate. Out of them Shri Somnath Chatterjee said:

[English]

"It is now admitted that the Government of India engaged a foreign investigative agency for discharging some function of the Government. There is no dispute on that. But what is of concern to us very much is that a country has been chosen and a concern has been chosen from a country whose imperialist designs are very well-known. U.S.A. prefers to destabilising the security and integrity of this country....."

"Whether it was a fit and proper concern or what are its connections with the American agencies like CIA, and FBI, it appears nobody knows...."

"I very strongly express our opposition to the selection of this type of an agency and for that matter an agency from a country whose ability to destabilise through diverse means, Governments and

systems in other countries, specially like ours is well-known."

[Translation]

The C.P.I. (M) party member expressed strongly and asked as to why such an agency was constituted, and not on the arrest of the FERA and economic offenders. I myself did not participate in this debate but within 2-3 days of the coming of Hershman's statement, we emphasised along with our young Member Shri Kumar-amangalam that FERA violation and economic offences should be enquired into and even today we say that the speed with which the Government has made enquiries into FERA violation and economic offences during the past three years, and the raids conducted on Kirloskar and Bata were... (*Interruptions*)...

I would like to tell you that it is clear that how our Government took strict action in regard to the FERA and economic offences during the last three years and today I again demand along with Shri Indrajit that the Government should take strict action in regard to the FERA and economic offences, but the question is whether this was there in the terms of reference of the Commission? Was this Commission appointed to enquire into as to how FERA violations and economic offences are indulged into in America or in India? Mr. Chairman, Sir, you may kindly see the terms of reference (*Interruptions*).

THE MINISTER OF HOME AFFAIRS (S. BUTA SINGH): The terms of reference were drafted by Shri V.P. Singh at that time.

SHRI BHAGWAT JHA AZAAD : I was about to say what he has said. Now it will be confirmed because the hon. Minister's word will get more weightage.

THE MINISTER OF STATE OF THE MINISTRY OF WELFARE (DR. RAJENDRA KUMARI BAJPAI): The term which was left out, had also been got added (*Interruption*).

[English]

SHRI S. JAIPAL REDDY: What were our terms of reference which were sugges-

[Shri S. Jaipal Reddy]

ted? Why are you so obsessed with Mr. V. P. Singh?

[Translation]

SHRI BHAGWAT JHA AZAD: You may please keep quiet, I am myself quite competent to deal with them. I would like to tell that in regard to the terms of reference of the commission two questions were raised in the House that action should be taken in regard to FERA and economic offences. This is what was said by us and by a few other people but not by all, some remained quiet and a few others spoke in a subdued voice that this might have happened but such a compromising speech by Shri Indrajit Gupta was never heard by us. Shrimati Mukherjee of his party had said:

[English]

"Firstly, I fully agree that employing this American agency is not to the best interest of our country, as it transpires...."

[Translation]

And if you read Shri Indrajit Gupta's speech of today then you will see how is it compromising. What a wonderful Member of C.P.I. he is! One of his members said:

[English]

"I cannot compromise about the fair-fax appointment."

[Translation]

And an other member says that that might have happened. He is a very learned person and perhaps has studied in the Oxford and the Cambridge, but I studied in an ordinary Municipal Corporation School and do not even understand his language and therefore, fearing him, I am speaking in Hindi. But I want to say that two things were said at that time. Firstly the economic and FERA violations should be enquired into. This was emphasised by me as well as by Shri Kumar-mangalakar and it was also emphasised by, as I quoted, Shri Somnath Chatterjee,

Shrimati Geeta Mukherjee and even Shri Dinesh Goswami that:

[English]

".....which according to both sides of this House seem to be of a dubious character the appointment of Fairfax.

[Translation]

Every hon. Member had emphasised this.

Now the question arises about the functioning of the Government. Two things have been said. It was not possible that the same Commission which is given the responsibility to enquire into the appointment of Fairfax, should also be given FERA and economic violations too. The fact is that if the Government had said that FERA violations and economic violations are not taking place, then, an enquiry commission would have gone into that, but the Government itself admit and is taking action. For example, Sir, the Finance Ministry under the charge of Shri V.P. Singh, conducted many raids in the premises of Tatas, Bata and Kirloskar for FERA and economic violations. Sir, do they want to falsify this fact?

[English]

SHRI S. JAIPAL REDDY: That is the reason why he had to go.

[Translation]

SHRI BHAGWATI JHA AZAD: No, Sir. He had to leave due to his efficient advisers like you who showed him the wrong way and pleaded his case in such a way that he took a wrong step and had to quit.

Therefore, I want to say that two points have been made by the hon. Members. The first relates to FERA and economic violations against which the Government has been and even now taking action. We are still emphasising that more stringent action should be taken in regard to such violations. But today's debate is on the findings of Thakkar Natarajan Commission, to discuss the basis for the findings of Thakkar-Natarajan Commission, and its terms of reference about which Shri Buta Singh has said that the terms of reference

were framed by Shri V. P. Singh himself. One thing which was left, as Mrs. Bajpai has said, was added by the hon. Prime Minister. Should I read out the terms of reference? No, there is no need, our learned Members must have read them. Under the terms of reference the Commission has been asked to find out whether Fairfax was appointed; if so, who was responsible for it; the basis on which it was appointed; whether any enquiry had been made about its competence; if so, the number of reports given to the Government after its appointment, and the terms regarding payment of money. Then the last point was which is most important:

[English]

"Was the security of India prejudiced in any manner in making such arrangements."

[Translation]

Whatever I have quoted was not done by the Government of its own will, Shrimati Geeta Mukherjee, Shri Somnath Chatterjee, Shri Kumaramangalam and Shri Dinesh Goswami, all the Opposition Members had asked for such an enquiry . . . (Interruptions) . . . Everybody including we had demanded an enquiry.

SHRI VIDYA CHARAN SHUKLA
(Maharajmunda): Rangarajan.

SHRI BHAGWAT JHA AZAD: Sorry, Rangarajan. I was taking the name of my late friend. The fact is that the other Members in the House may have been elected once, twice, or thrice but I have been here for seven terms. I had worked with his father too and am now working with his son as well. This is my problem. (Interruptions) . . . I will get an opportunity to work with his grandson also. Therefore, there was a confusion about the name of Shri Kumaramangalam, and I beg your pardon for the same. I have quoted that the Government has not framed these terms of reference of its own accord.

[English]

"Shri Indrajit Gupta asked how security is involved."

[Translation]

Our Shri Indrajit Gupta made great fun of it. . .

[English]

Shri Indrajit Gupta said, "what is the political sermon?"

[Translation]

I have not said anything from my own side . . . (Interruptions) . . . Please, do not speak any more. Achariaji, I have quoted what your leader Shri Somnath Chatterjee had said. Should I quote more? This is very serious. One point which Shri Somnath Chatterjee made was . . . (Interruptions) . . . Shri Amal Dutta, you should keep quiet and listen to me otherwise I will not let you speak. I was saying that Shri Somnath Chatterjee Shrimati Geeta Mukherjee and Shri Dinesh Goswami had said that the appointment of this company was a threat to the security of his country.

S. BUTA SINGH: There should not be any interference with the security of the country . . . (Interruptions) . . . It is my duty to remind Shri Bhagwat Jha Azad that the CPI(M) Politbureau had also said the same.

SHRI BASUDEB ACHARIA (Bankura):
And also something more.

SHRI BHAGWAT JHA AZAD: I will tell you as to what they had said. Please, keep quiet, let me have a talk with him. The Politbureau had also said as was affirmed by Shri Somnath Chatterjee in the House that an inquiry should be conducted about persons involved in FERA and other economic offences and I told you and I repeat it today also that in the last three years, Kirloskar . . . (Interruptions). You are not paying proper attention to what I am saying. Please, listen to this point which I am making. Under Rajiv's Government action was taken against Kirloskar, Bata, Tata and other companies for economic offences . . . (Interruptions) . . . Action is still being taken in such cases:

[English]

SHRI S. JAIPAL REDDY: Let him quote one instance, a single example of Mr. V. P. Singh.

[Translation]

SHRI BHAGWAT JHA AZAD: I want to tell Shri S. Jaipal Reddy that the Minister of Finance should cite more instances of people against whom action was taken ... (Interruptions) ... I am neither Shri Bhure Lal, nor Shri Jaipal Reddy that I would go sniffing in the corridors to find out what is happening. It is not my job. The company people do not approach me to raise their issues in the Lok Sabha. This is Shri Jaipal Reddy's job to go in search of Government notifications in order to find out as to what has happened and where. He may summon companies. But the hon. Minister of Finance should take a note of it and State whether ... (Interruptions) ...

[English]

17:00 hrs.

MR. CHAIRMAN: Let there be no running commentary. Order please. Please sit down.

[Translation]

SHRI BHAGWAT JHA AZAD: Mr. Speaker, Sir, his name is Shri Choubey. He should have four qualities, viz. of listening, speaking and smiling but he has only one quality and that is of shouting ... (Interruptions) ...

The whole issue of today's debate rests on the point as to whether the Commission's reports based on the terms of reference given by the Government as I have just quoted or is it not based on that? You look into the report and find out as to what the Commission has stated in regard to every term of reference.

The most important point which was made by Shri Indrajit Gupta is, "What is the political sermon here?" I want to say that there is no political sermon here. The Commission's report is based on the terms of reference on the basis of which it was asked to find out the facts. It was a fact finding Commission. But about this Commission it has been said that it was less of a fact finding Commission and more for a political sermon. I want to say that it was only a fact finding Commission.

One of the questions before the Commission was as to who was responsible for engaging the Fairfax agency or at what level was this done? This has been stated in the report. This is neither a political document nor is there anything to harass anybody. The matter is straight that Fairfax was engaged but how it was done.

(Interruptions) ...

Shri Indrajit Gupta has stated that the Commission has called Shri V. P. Singh as an entransigent person in its report. This is wrong. I have also read the report. Prof. Madhu Dandavate, I want to know as to where in the report has this point been made?

[English]

PROF. MADHU DANDAVATE: Sir, Since he has asked the question, I will read out. It is in Page No. 9

[Translation]

SHRI BHAGWAT JHA AZAD: Let me read the report. The Commission has stated about Shri Vishwanath Pratap Singh, Shri Bhure Lal and others on Page 128 that ...

[English]

"Any way, the Commission is unable to probe into this matter and unearth the role played by Shri Gurumurthy and the purpose underlying his exercise in the absence of the relevant material information. And this has not become possible in view of the intransigent attitude of Shri Gurumurthy taking shelter under untenable technical please."

[Translation]

Shri Gurumurthy has been blamed for intransigence. But a questionnaire was sent to Shri Vishwanath Pratap Singh, Shri Bhure Lal and Shri Vinod Pandey. Now the question arises as to what were the answers given in the questionnaire? Was it necessary to call Shri Vishwanath Pratap Singh? There was no chargesheet against him. He had committed a political blunder. He had not committed any economic or legal offences. He only committed a political mistake about which I will submit later.

Shri Vishwanath Pratap Singh stated in his reply that he had only directed orally. He has admitted it. Mr. chairman, Sir, the question arises, regardless of whether it is the Central Government or the State Government or even a municipality as to what is meant by an oral order? For example the hon. Minister is seated here. He issues an oral order to one of his officers sitting in the official gallery to prepare not about today's proceedings in the House. This does not mean that oral order should remain oral only.

[English]

"Almost immediately or at the convenient time or as far as possible quickly that must be put on record".

[Translation]

That is an oral order. But the oral order issued by Shri V. P. Singh was wonderful. The hon. Minister of Finance gave an oral order to the Revenue Secretary Shri Vinod Pandey, who also did not record it. Perhaps the hon. Minister of Finance might have not found time as he was busy in discussions but how was it that Shri Vinod Pandey also did not have time and he also passed the order orally to Shri Bhure Lal who also did not find time to record it and further orally directed the Fairfax to start work. In this way the oral order went on. Is it possible for a Government to function in this way? Shri Indrajit Gupta also said the same but in a low voice. He said as to what would have happened in case some Member was transferred but he said it very gently without putting any emphasis on it. The rest of his speech was loud enough and due emphasis was placed on every point but he ought to have said this loudly as well that it was wrong and it should not have happened.

In the political dictionary also, the definition of the oral order has been provided and according to that if a Minister of Home Affairs gives an oral order to the Home Secretary in the airport or in the corridors after lunch, then it becomes imperative to put that into writing immediately or as early as possible. But in this case no such thing was done. The Finance Minister issued oral order to the Revenue Secretary and he in turn directed the

Director of Enforcement, who further directed the Fairfax agency in the United States to conduct the investigations. That is why the Commission said that it was wrong. And therefore, this reference was made to the Commission. Thus, the main point here is that, such adhocism prevailing in the Finance Ministry is regretful. In this context, one of our friends said rightly that the hon. Prime Minister is also accountable in this respect on the principle of collective responsibility. The meaning of collective responsibility is that the Hon. Prime Minister has to take action and he has done so, but it is a clear illustration of the fact that the words collective responsibility imply that the Prime Minister is responsible for the action of every Minister in the House. It does not mean that the Prime Minister has to be constantly vigilant about every action of every Minister and every secretary which in other words would mean to have a parallel Secretariat to verify as to in which form have the orders been issued whether in writing or orally and so on. Is this what you understand by Collective Responsibility? I want to say that the Hon. Prime Minister had given considerable autonomy which is evident from the fact that every Minister had full freedom of action on matters falling under his jurisdiction and it was on account of granting such a liberty that a blunder of this magnitude was committed and the whole work in the Finance Ministry was carried out in such an *ad hoc* fashion. Who was running the Finance Ministry? You have said that Shri Nusli Wadia and Shri Gurumurthy should have not been brought into it, but I would say that they had played a vital role in the whole affair. This leads to suspicions naturally. You say that we should not be suspicious of Shri Bhure Lal or Shri Vinod Pandey. It is not we who suspect them but it is the circumstances which makes us suspect them. In the terms of reference, the question regarding Mr. Hershman's antecedents came up. Shri Somsath Chatterjee said rightly and Shri Jaipal Reddy may be aware that even while employing domestic servants, we find out their antecedents. We try to find out as to from where has he come; what was his previous employment, why was he removed, which place

[Shri Bhagwat Jha Azad]

does he belong to which village does he belong, but Government of India did not think it necessary to verify the antecedents of the Fairfax agency which was engaged to look into the FERA violations amounting to crores of rupees by so many big companies. If viewed from the security angle, I want to submit that Fairfax is an American company. United States of America since 1954 has been making use of every opportunity to embarrass our country and I can furnish dozens of examples in this respect. I have been observing the attitude of the U.S. Government since 1954. They have been making use of every opportunity to embarrass us and I have given ten examples in this respect that day during the debate on Indo-U.S. relations, I am giving this example again today. It is unfortunate that though we want friendly relations with the United States, it makes use of every opportunity to threaten us by sending the Seventh Fleet or some other fleet. And what the Hon. Prime Minister has said about Mr. Bush is a statement of facts. Mr. Bush has stated that U.S.A. never makes any attempt to threaten us by sending the Seventh Fleet to destabilise us. The Hon. Prime Minister informed the nation about it. The Prime Minister never said that he believed it. You are emphasising on the point that he has accepted what Mr. Bush had stated. It is not so. Whatever the Hon. Prime Minister has stated is a statement of facts. The Prime Minister merely informed the country and the world about what Mr. Bush had told him. But look at them, an amendment was made. Therefore, I want to draw your attention towards the hiring of the Fairfax agency which is headed by Mr. Hershman. He is a C.I.A. agent who works quietly and was behind the investigations into the watergate... (Interruptions)... I know what you are saying. If you do not agree, then I take back my words. Mr. Mackey who was their legal advisor, has stated that the Fairfax agency has been exchanging information with the C.I.A. and the F.B.I. That is why, people were demanding from both sides of the House that the security aspect should also be looked into. I think had the Commission been appointed for this point only, we would have wel-

comed it. We must realise that it was nothing more than a drama on the part of America for releasing 4.02 billion dollars to Pakistan. Today we pass resolutions and appreciate Mr. Reagan. It should be investigated. I have been in the Parliament for a long time and know its strategies. It is never interested to have friendly relations with India because it wants not a friend but a client a slave.

[English]

SHRI S. JAIPAL REDDY: I agree with it.

[Translation]

SHRI BHAGWAT JHA AZAD: Jaipalji agrees and should agree with me that it was positively a security risk for us to engage the Fairfax Agency of a country like America. It must have taken advantage of it apart from extending us the information about FERA violations. So the commission has correctly stated in its report that security risk was there. As you must have seen, the Commission says :

[English]

The Commission is of the opinion that it is not safe to engage foreign private detective agency at all. The Commission has also formed opinion that engagement of Fairfax or Shri Hershman was unsafe as has been proved by subsequent events.

[Translation]

What were the subsequent events? I want to remind you that what Shri Hershman said on the subject. He started threatening us.

[English]

I do not care. In the opinion of the commission it is unsafe because the care demonstrated by Shri Hershman against the Government of India itself and the derogatory remarks made by him.

[Translation]

We all had opposed the derogatory remarks he had then made. Just think, we engaged Fairfax which insulted us later. We are saying that very thing which you people are saying as to why Fairfax was engaged with which those people of FBI and CIA were connected who threatened or

insulted us. We are all agreed to what the Commission has stated. The Commission wants to know from the Prime Minister and the Finance Minister as to how the entire work in the Finance Ministry was being done on an adhoc basis. It is a very serious matter but they will not admit it. It is not legal to launch any prosecutions in such circumstances. Who will prosecute them? It is only a political announcement, that the Finance Ministry indulged in adhocism. But who was looking after the work of the Finance Ministry then. It was being done by Shri Gurumurthy, an outsider and Shri Nusli Wadia of Bombay Dyeing fame. It is now being said that action should be taken against the Bombay Dyeing whose owner Nusli Wadia is an outsider. I agree with you. Shri Jaipal Reddy but I speak on the merit of the fact and not under any political motivation. It was Nusli Wadia who invited Hershman to India, stayed with him, paid his bill, introduced him to Gurumurthy and on the recommendation of Gurumurthy and Nusli Wadia Bhure Lal engaged Fairfax. You call it a detective story. Indrajitji, may God bless you with good sense. I consider it as a story of conspiracy.

[English]

PROF. MADHU DANDAVATE: We demanded his enquiry also.

[Translation]

SHRI BHAGWAT JHA AZAD: Right. I support you, but you must also support me asserting that this report is not a political one.... (Interruptions) There is no change in their attitude. (Interruptions) In the Report a reference has been made about the security and non-availability of the record. The Commission says:

[English]

"No record existed about the alleged oral clearance or the alleged engagement of a foreign detective agency during the tenure of Shri V. P. Singh and all Post-facto record came into existence much later".

[Translation]

It is very unfortunate that the Finance Minister came to know about the engagement of Fairfax after his transfer from the Finance Ministry to the Defence Ministry. What an able Revenue Secretary was Shri Vinod Pandey! He received reports on March 10 and he came to know about this engagement from Shri Bhure Lal's report. What a good example of his ability that he did not come to know of it earlier. Only the Finance Minister had given a general clearance. Does this general clearance mean that such and such agency of such and such country should be engaged? The Commission has said regarding the detective story.

[English]

"What is significant is that the services of a foreign private detective agency of the choice of Shri Gurumurthy who was an outsider has been selected without any enquiry regarding the credential, reliability, competence or loyalty being made from any source".

[Translation]

Is it not a serious matter? When we engage a typist or a clerk or a domestic servant, we make various enquiries about them. But in such an important case. We did not make any enquiry except that what was done by Nusli Wadia and Gurumurthy, we accepted it. I mean, the entire work in the Finance Ministry was being done on their advice. Regarding the competence of Fairfax, I want to say:

[English]

"The Commission has formed the opinion that Fairfax and Shri Hershman were not competent to carry out the task that was entrusted to them and it was not wise and prudent to have engaged Fairfax and Shri Hershman".

SHRI INDRAJIT GUPTA: It is their opinion.

SHRI BHAGWAT JHA AZAD: We are considering the opinion of the Commission, not your opinion.

SHRI INDRAJIT GUPTA: It should be on the basis of some facts.

SHRI BHAGWAT JHA AZAD: When you were not here, I narrated all the facts.

[Translation]

Here one more thing has rightly been pointed out that once the company was engaged and it was given in writing that to whomsoever it may concern, two persons said that they would not engage Shri Hershman. Instead of giving any information to the Government, Shri Hershman acted as a post office and simply passed on the papers of the companies. Even to the Commission he told that he would send a reply only after having received any communication written on the letter-pad of the Government of India.

Now the question is that when our learned Officer gave in writing to the company to whomsoever it may concern, it naturally took sometime to undo that. On this basis one can say that it has already taken three months when it should have taken one or two months. I want to say that one has to think before removing a foreign company that has been engaged once. So I don't consider it as a vital point on which you people are emphasising. What is the vitality in it? We are also not against a right thing. In view of all these facts I think the Commission has given a right report in which all those points have been replied which have been referred to the Commission. But it is a matter of great regret that it is being challenged saying that the judges owe explanation to the people. Explanation for what? In regard to section 8B and 8C, I would like to tell you that a questionnaire had been sent to Shri V. P. Singh and two other Officers and they were asked to submit their replies. In reply to the questionnaire, it has been clearly stated that an oral permission had been given which was recorded after one month. This was one of the terms of reference. Owing to this the Commission did not feel any necessity to call Shri V. P. Singh. On the other hand if Shri V. P. Singh had wanted, and it was his right under the mandatory provision, he would have expressed his desire to present himself before the Commission. And your charge would have been true

if the Commission had considered improper to call him. So do not favour only one side. As the Commission has not levelled any legal criminal charge and simply talked about the political responsibility saying that the Fairfax agency should not have been appointed orally.

So, Mr. Chairman, I want to make it clear that the Commission has done a very good job and gave its report after highlighting all the issues. I would request the Government to enquire, as has been suggested by the Commission also whether the ideal of delegation of powers by one after the other three learned Officers set out before us was proper? How it was justified when one delegated the power to the other and the second to the third and thereafter the latter engaged accompany to make investigations. Besides, you should set up a cell of Revenue Intelligence so that economic offenders are dealt with strictly. Mr. Finance Minister, we should have no more chance to say that Finance Ministry is working on an *ad hoc* basis, we no more want any Revenue Secretary or Director who works in *ad hoc* fashion. What a learned man Gurumurthy was! He acted as a juggler and compelled us to dance like monkeys.

17.25 hrs.

[MR. DEPUTY SPEAKER in the Chair].

Therefore, I want that you may enquire into the points made by me. When these people say that the Judges owe an explanation to the people, henceforward no Judge will be prepared to hold such an enquiry, if demanded by the opposition. In future whenever there will be a demand of a Judicial enquiry in this House, no Judge will be prepared for that. That greatness of our colleagues in the opposition cannot be described in words. When the Government proposes to hold a Judicial enquiry they insist on referring to a Committee of the House. But when the Government wants to refer the case to a Committee of the House, they would insist on a judicial enquiry... (Interruptions)... It was they who had asked for a Judicial Commission. I am not saying of my own. That is why I say that their greatness cannot be described in words.

I would like to submit that it is they who insisted on referring the case to the House Committee when the Government proposed to set up a Judicial Commission and when the Government referred to the Committee of the House, they non-cooperated. They will accept only that Judicial Commission's Report which is written at their instance. But no Judge will write a report in this way. It can neither be at the instance of the Government. Now no Judge will come forward to hold a Judicial enquiry consequent upon the explanation being called for by a former Minister at a meeting in Nagpur. I earnestly request them not to create such a situation in the country in which we are unable to constitute a judicial Commission in future. Therefore, I want that a situation should not be so created which will have serious repercussions in future. The opposition parties should take this thing into account.

We must understand that the Thakkar and Natrajan Commission has given a report after referring to each and every point clearly and opined that neither the Government of India nor the Prime Minister nor anybody in the ruling party was directly or indirectly involved in this case. Only one Ministry was involved in it for its adhocism. It was an attempt on the part of some companies in this country to indulge in a conspiracy to compel one person to take a wrong step.

With these words I am of the view that all of us should congratulate the Commission for submitting so nice a report.

[English]

PROF. MADHU DANDAVATE (Rajapur): Mr. Deputy Speaker, Sir, you may recall that on 31st of March 1987, I had initiated a discussion on Fairfax episode. After that, also we had one more discussion. As a result of various issues that were raised in these two discussions, under the Commissions of Inquiry Act, a Commission was appointed. The terms of reference were set. Of course, we had suggested a House Committee. But even then under the Commissions of Inquiry Act, a Commission was

appointed. We did feel even at that time that the terms of reference were inadequate and unsatisfactory.

As far as this report of the Commission is concerned, it makes a serious indictment of concerned persons in violation of all norms of natural justice. It is an accepted fact that the notices to the concerned were not given under section 8-B and 8-C of the Commission of Inquiry Act which are mandatory provision. It is not left to the sweetwill of the Members of Commission either to accept the provisions or reject the provisions. These are mandatory provisions and the reason is extremely simple. When the Parliament framed the law and amended it, it was very clear that if at all there are certain persons who are "likely to be prejudicially affected by the inquiry", a reasonable opportunity should be given to the concerned persons to appear before the Commission with a regular counsel and check the evidence. Section 8(c) gives the advantage to the concerned people to have cross-examination even if the Commission is actually basing its version and evidence on certain statements or statements attributed even to the Prime Minister. In that case, even he cross-examination of the Prime Minister is possible. But these two sections were not at all applied and the notices were not given under Section 8(b) and 8(c) which are mandatory. The question arises as to what are the reasons given by the Members of the Commission for violating the mandatory provisions 8(b) and (c). Hon. Finance Minister was asking Mr. Indrajit Gupta whether those words 'intransigent' and other things were mentioned anywhere in the Report. Here is the Commission's Report and I would quote from Page No. 9. It is not that these particular allegations are made in relation only to X and Y; it is in relation to all those who are likely to be prejudicially affected. Therefore in this very Report, in Page 9 of the introductory chapter, under the heading 'Problems faced by the Commission, it is given:

In regard to several matters, the Commission could not record oral evi-

of Inquiry about

[Prof Madhu Dandavate]

dence and/or undertake proceedings under Section 8B/8C of the Act on account of two factors, viz.:

1. failure of the concerned person to respond to the requisition seeking information; and

2. the intransigent stand adopted by the concerned persons from whom the information was sought.

These wordings are already in the Commission's report in the introductory chapter. Now, they totally contradict the facts, as far as Mr. Bhure Lal, Mr. Vinod Pande and Mr. V. P. Singh are concerned. This very Report contains the answers which were given in writing by Mr Bhure Lal, Mr. Vinod Pande and also by Mr. V.P. Singh. Therefore, I do contend that deliberately to avoid the cross-examination of certain important dignitaries which might have caused embarrassment to them and also the Commission, Section 8(b) and Section 8(c) were totally ignored. There was an insistence by the Press and other sections of public opinion that the inquiry should be an open inquiry so that people will come to know the facts. Even if some people are guilty of some crimes and if some are allegedly responsible for the security risks created in the country, the people at large will know that there is cross-examination, and the evidence can be laid, the Legal Counsel can be employed and such facilities will be available to all concerned. The question is why is it that Sections 8(b) and 8(c) were ignored? My contention is this and many Members may not like it. If you go through the Report carefully, you can find certain aspects of the policies pursued by the Prime Minister and certain statements attributed by Mr. V.P. Singh to the Prime Minister when he met at his office on the 11th March, To find out the correctness of those statements and the information given by V.P. Singh in relation to the Prime Minister Commission would have been required to call the Prime Minister for cross-examination. That probably, would have caused embarrassment to the Prime Minister and that is the reason why, I feel, that Sections 8(b) and 8(c) were not at

Fairfax Group

all invoked. If you go through the entire Report page by page, you can find that the Report has concentrated on non-substantive and peripheral issues, totally neglecting the substantive issues for instance the question regarding the economic offenders in the country. The only question that they have discussed in the report is whether the orders and instructions were given by the Finance Minister orally or in writing.

I am reminded of an interesting story of a Professor of English. The daughter of a professor of English ran away with the chauffeur of their car and wrote a small note in English to the parents that she loved the chauffeur of their motor car and she was running away with him. When the members of the family saw that note, all were crying and shouting. In the evening, the professor of English came home and when he asked: "Why are you weeping and shouting?", all family members said: "Look at the note that your daughter has written." The professor of English went through the note and he also started shouting and crying. When his colleagues asked, why he was crying and shouting, he said: "What a shame! I am a professor of English and my daughter has written a note in English saying that I am running away with the chauffeur; she has misspelt the word running, she has put single 'n' instead of double 'n'. That is why I am so much worried." He was not worried that his daughter had eloped with the chauffeur, he was only worried that in writing the note and communicating the message, the daughter had committed a spelling mistake in that note which was addressed to her father, who was a professor of English. Exactly, that is what has happened here.

THE MINISTER OF HOME AFFAIRS (S. BUTA SINGH): All professors are like that.

PROF. MADHU DANDAVATE: Not all professors; let me make it clear. Firstly, I am not a professor of English; I have no motorcar and, therefore, I have no chauffeur and I have no daughter.

THE MINISTER OF ENERGY (SHRI VASANT SATHE): He is a professor of

physics. He has a son and the likelihood is that his son will run away with somebody else's daughter.

PROF. MADHU DANDAVATE: There also, the position is quite safe. My son is already married.

My contention is that they have not taken up the substantive issues. Those of us, who raised the Fairfax issue in the House—at least I and Indrajit Gupta—made it clear that we as persons committed to the concept of socialism are not at all worried about the internal civil war between the various capitalist groups at all.

S. BUTA SINGH: And national security.

PROF. MADHU DANDAVATE: Of course, that is not your concern alone, we have been fighting for that and we share that.

As far as the national security is concerned, that is the common concern of both the sides of this House. Let there be no doubt about it. But as far as concept of socialism is concerned, we are not interested in a civil war among the capitalists. That is my attitude and the attitude of Indrajit Gupta. When we raised the question we do not want to defend one particular industrial group at the cost of others. We are concerned about the fact that throughout the report, nothing has been said that will help the Government and the Parliament in ensuring that economic offenders are brought to book; no matter to which group they belong, no matter who these industrialists are, no matter who these businessmen are, or whether they are film artists. Whosoever they may be, they must be brought to book.

S. BUTA SINGH: And whether they are press barons.

PROF. MADHU DANDAVATE: I agree. See how much is the area of agreement. If I am Buta Singh agree, who can disagree?

Shri V.P. Singh had given clearance about the foreign agency; he gave oral

instructions. Written nothing by Shri V. P. Singh was made in the file at a later stage on 11th March, 1987. The Commission is very much disturbed by the fact that Shri V.P. Singh earlier gave an oral clearance and on 11th March, 1987 he tried to enter it in the notings in the file. Sir, almost an impression is created as if it was the predated entry. He did not do that. In writing he said, "I have already given a clear evidence and clearance orally. But in order that my officer should not come into trouble after this controversy started, I mentioned in writing that I had already given the oral clearance. This particular fact which he stated was mentioned to the Prime Minister. Shri V. P. Singh met the Prime Minister at his office on 11th March at night and told him—all this in the written replies he has given—that the file was already sent to the Prime Minister and grounds of clearance to foreign agency were already communicated to him. And the Prime Minister did not find it wrong. This is what Shri V.P. Singh has said, not orally but in a written reply that is sent to the questionnaire by the Commission. Not only that, Shri Brahm Dutt spoke in this very House and I will quote him from the record, both in Hindi as well as in English, about his arrangement, that is the payment to be made after the information come. Shri Brahm Dutt said:

"Main ne jo arrangement kiya tha use se satisfied hum. Bhootpoorva Vitta Mantriji ne jis prakar ki ijazat dee hai, waha bilkul sahi thi".

And in the English version of the Parliament proceedings, it is stated:

"I am satisfied with the arrangement that exists. The permission given by the ex-Finance Minister was absolutely right."

If notice under 8(b) and 8(c) were given, this particular statement which I am making in the House on the basis of written answer that is given by Shri V.P. Singh to the Commission, could have been tested because ultimately when Shri V. P. Singh says that:

"On the 11th night. I had already given this information orally to the

[Prof. Madhu Dandavate]

Prime Minister and he said there is notinh wrong..."

The best way of settling the account would have been that Shri V.P. Singh could have been called for cross-examination; Prime Minister too could have been called for cross-examination and in the cross-examination the members of the Commission would have been able to find out what is the truth. But that was not done because section 8(b) and 8(c) of the Commission of Inquiry Act were not at all applied. The question arises why there was oral evidence? Our friend Shri Bhagwat Jha Azad has raised this question and today again in a written answer which is already included in Commission's report Shri V.P. Singh has said:

"Many times Prime Minister himself has given verbal orders and approvals on which Finance Minister acted on very sensitive matters"

And he has claimed and publically stated yesterday that:

"If I am called for cross-examination and if the Prime Minister is also called, I am prepared to state a number of instances in which the Prime Minister has orally given instructions and approval regarding the clearance of orders on the basis of oral message".

Decision regarding the agency was an administrative matter according to Shri V.P. Singh and it is not a policy matter. I will quote here another Defence Minister for State. When the debate on submarine deal was going on, you may recall that Shri Arun Singh was replying to the debate because already the Defence Minister was removed from his post and Shri Arun Singh and Shri K.C. Pant also hold the same view that when a departmental enquiry was appointed in the case of submarine deal, they were not at all against the enquiry being instituted. They only said as to why did he reveal that information to the Press. So, again it is a case like the professor of English finding fault with the daughter only about her spelling. He himself vindicated that there

are a number of occasions on which enquiry was appointed. When I was heading the Railway Ministry, there were a number of sensitive matters when sometimes we had to enter into some sort of contracts with foreign countries and on the basis of my own personal experience I may tell you this. When a World Bank loan had to be negotiated, some officers tried to pressurise that some high power locomotives should be imported in order to get the loan. Without contacting the Prime Minister or the Cabinet on such sensitive issues, I quietly gave necessary oral instructions to the Team that had gone to negotiate the loan with the World Bank. I did so because I knew it very well that if I tried to put something in writing, the entire Railway Board office would know about these things and those officers who wanted to manipulate things would try to generate pressure. I may tell you that things had worked exactly on the lines I wanted. We did not succumb to the pressure of some officers for the import of high power locomotives. And we were able to get the loan from the World Bank without any conditions.

[Translation]

THE MINISTER OF STATE OF THE MINISTRY OF WELFARE (DR. RAJENDRA KUMARI BAJPAI): It should not have been entrusted to C.I.A. without taking others into confidence.

[English]

PROF. MADHU DANDAVATE: I am coming to that point Madam. Have a little patience. I will cover every point.

Then there is the question of security risk. The Commission has alleged that there is a security risk in engaging the Fairfax. I must say in all humility that there are certain political and quasi-political questions like security risk and they should never be entrusted to a judicial commission of this type. These are the problems about which the decision must be taken by the Cabinet. These are the political and semi-political issues and they should never be left to such a Commission.

The file remained with the Prime Minister from 11th of March 1987 and he terminated the Fairfax agency in May 1987, almost at the end of May 1987. Till then, the Prime Minister did not feel that there was a security risk. Is security risk dependent upon the month? On the 11th of March, he had already been told that such and such an agency had already been appointed. 'Till May that agency continued and at the end of May, the arrangement with the Fairfax was terminated. Do you take it for granted that the Prime Minister felt that till the end of May there was no security risk at all and only after considerable thinking, he came to the conclusion at a later stage that there was a security risk? Therefore, this argument too is fallacious.

What are the prerequisites suggested by the Commission for the appointment of an inquiry? The contention of the Commission was that the credentials and experience of Fairfax were not checked. Shri Brahma Dutt himself confirmed the status of the Fairfax Inquiry and he said that its status was that of an 'informer'. I will quote what he said on 31 March 1987 in the debate which I initiated. This is the English official translation of what he said on 31 March 1987:

"Shri Somnath Chatterjee asked as to what are the credentials of Fairfax, what are its traditions, what is its experience. Sir, these things are ascertained only when we retain someone as a servant—as a *naukar*—in our house. We did not retain them even as a *naukar*, as a servant. We do not ask these things of an informer. You give the information, and then you will get the money. That is why nothing was asked..."

Sir, this is his own statement made in this very House, I had taken it from the proceedings of the House. In his statement, Shri Brahma Dutt said that they need not go into these details at all because they were just informers.

Sir, even in espionage cases, sometimes this sort of things take place. The man who gives the information might not be

a man of high character. Ethically, he might not be a very competent man. But if he has some information and if the Government feels that it is worthwhile to take advantage of that information and ultimately dupe him, if necessary, then the Government makes use of that information from the informer. That exactly was the contention of Shri Brahma Dutt. Then a question arises as to whether two rivals can be used for getting such information or whether it would be considered unethical. Here let me say that on a number of occasions, this recourse is taken and you may ask the officials of the Finance Ministry and the Finance Minister also about this. When the cases of smuggling are to be detected, sometimes this type of action is taken. At least I know some cases in which two smugglers who are rivals to each other were taken advantage of by the Government. And they tried to find out the information from one smuggler about another smuggler, took advantage of that and at a later stage, they also took action against the smuggler who had actually given the information. For that they contacted the third smuggler. So, sometimes it happens that way. It may appear unethical. But in the intelligence work and network, such strategies have to be used. Absurd norms have been suggested which emerged from the Commission's Report about engaging Fairfax Agency. If you carefully go through the entire Report and try to draw an inference after looking to the observations that they have made about the functioning of this agency and the manner in which honest officers have functioned, it almost appears to me that the Commission has prepared almost an unofficial manual as to how you can find out all these offences. The first is, what should be done by the Finance Ministry officials—collective decision by the Cabinet or with the approval of the Prime Minister? The second is, reduce it to writing all down the line. Does not matter even if a number of people come to know about it. The informer's character must be tested. You can tell him that if you are only a man with a fine character and you yourself are not indulging in anti-social activities, then only we will take news from you as an informer. Busi-

[Prof. Madhu Dandavate]

ness rivalry must be checked. You check whether there is a business rivalry. Otherwise don't touch either of them. Written agreement must be there with the informer. I do not know, whether with this condition anybody will act as an informer. Refuse to meet him outside the office so that everybody come to know about it. When informer comes to the office his name must be recorded in the register at the entrance of the office so that everything remains on record. So, Bhagwat Jha Azad will not be able to complain whether a reliable man has come or not. Minutes of the talks of the informer must be maintained. Information must be disseminated in Department available to all concerned. They must be kept with general documents of the Department not separately somewhere in a hidden way. It must be with all other documents. Officers must be deputed to pursue the material abroad. Diplomatic channel must be used to track the economic offenders. Now with such restrictions emerging from the Report—you carefully go through it, it may appear that I am drawing absurd conclusions—when we take this particular Report very seriously, neither the economic offenders nor those responsible for espionage can ever be detected. Detection and intelligence work has its own inner logic. You cannot destroy the inner logic. You cannot put it in a straightjacket and then expect the results. If you want only moral and ethical results, then decide that we will not take advantage of anyone. Therefore, even in an international field, there are something like spies and counter-spies. Having a system of counter-spies might be unethical from moral point of view. But from the point of view of producing the results for the safety and defence of the country, even the system of counter-spies is an accepted practice all over the world.

What about Prime Minister's security? We want the security of the Prime Minister to be preserved and maintained. After all what happened to Indiraji? But what do we find? Are we taking a doctrinaire attitude there? Was not private foreign agency used to train the personnel of the

Prime Minister's security? It is ultimately the Home Ministry's assessment—I am not talking about a particular individual. If our Government and the Home Ministry feels that the particular training is necessary, I will leave it to their judgement. Now look out the unfairness of Commission's functioning. The use of CBI was made as an investigating agency. Do you realise that in this particular case the CBI is a committed agency? Government's Law Officer was an Advisor to the Commission. Government itself is in the dock. Allegations are made against them, and the Government's law officer says: 'I will assist and advise the Commission.'

Evidence based on conjectures: I pointed out to you what are the conjectures. Strange norms have been suggested to check the credentials of informers.

Now I come to Hershman. My friend Indrajit Gupta did not want to refer to it; but I would like to refer to it. So much is there in the entire report about the hospitality offered to Mr. Hershman at the Oberoi Hotel in Delhi at the hands of Nusli Wadia who is, again, a top-nautch businessman in one of the industrial groups which is hostile to the Reliance group. I know that. But then the story is put up that it is Nusli Wadia who was responsible for the hospitality of Hershman in the Oberoi Hotel.

Sir, you know according to the norms accepted how much will be paid as a reward to any informer. It will depend on the amount about which he has given the information. I am told by the Finance Ministry people that the maximum reward that is given to the informer is about 20 per cent. It can be less than that, but the maximum is 20 per cent. In this particular case, economic offences of the order of Rs. 100 crores were involved. So, if at all he were to give any good information, he would have received at the most 20 per cent. But what did he accept according to the report? Only hospitality at the Oberoi Hotel. That means about Rs. 8,000 to Rs. 10,000 i.e. nearabout \$ 1,000. So, a man like Mr. Hershman who is trying to supply the information about various fraudulent deals in violation of FERA involving Rs. 100 crores, when he is likely

to get a 20 per cent commission or 20 per cent reward, will he worry about Rs. 10,000?

Now further facts: I have a documentary evidence here. When Hershman of the Fairfax group entered the Oberoi Hotel, he stayed there from 15th November to 18th November. I have a copy of the registration card of the Oberoi Hotel here, signed by Hershman. He stayed there from 15th November to 18th November. The signature of the person occupying the room was that of Hershman. The computerized information fed was: 'Hershman of Fairfax is occupying the room'. So, it was in the name of Hershman of the Fairfax. Everything was mentioned.

You will be surprised to know this, Sir, He was there from 15th to 18th November; and then he was asked a question: "Oberois were asked to give the information that how is it that on your register, the name was later on changed from Hershman to Nusli Wadia? And then he said: 'On one day, a telephone call came to us saying that there is a room which is mentioned in the name of Hershman. Kindly change it from Hershman to Nusli Wadia.' Then that new information was fed to the computer; and the new information was: in place of Hershman, Nusli Wadia."

Who must have played the trick? I have a hunch. I want you to investigate that. Not you personally, Sir; for God's sake, don't go on any Commission. (*Interruptions*) I am saying that the Government should investigate that. What is my hunch? From 15th to 18th November, Hershman stayed under his own name, that is, under the name of Fairfax; and then a telephone call comes. Who must have manipulated the telephone? Here, I have a hunch. When Gurumurthy's case was pending in the court, and when he made the bail application, two forged letters dated 20th November were actually produced. On 20th November was the first letter; and in that, all sorts of information were given. In the second one, also, it was said that that man at the top was asking Gurumurthy: 'If you have any information about Ajitabh Bachchan and others, kindly give it.'

These two forged letters were there. Actually, the Government and the CBI said: 'Don't give bail to Mr. Gurumurthy, because he is responsible for that correspondence, and there it was claimed that these were forged letters.'

Nothing has been said about these forged letters. They have no investigation to make as to how these letters came. I have a hunch that the very same individuals and agencies or Houses which were responsible for forging the letters which were produced in the court of law, the very same agency must be responsible for telephoning the Oberoi Hotel and telling them to change the name from Hershman to Nusli Wadia. I have not the least doubt that there is some manipulation involved here. I have got a copy of the register card which if you permit me I will lay it on the Table of the House.

18.00 hrs.

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI P. CHIDAMBARAM): Is he willing to maintain, willing to reflect and willing to maintain that two letters allegedly forged were produced before the Magistrate? Is he willing to maintain that or would he rather reflect upon the statement and quality and say that he has been informed about it, but he cannot vouchsafe for that statement? If he is willing to maintain it, then I want an opportunity to challenge upon that? (*Interruptions*)

PROF. MADHU DANDAVATE: Yes. (*Interruptions*)

SHRI P. CHIDAMBARAM: He has made a statement that two letters allegedly forged were produced before the court. Is Mr. Dandavate willing to maintain that statement and vouchsafe for that?

PROF. MADHU DANDAVATE: I will clarify. (*Interruptions*) When the lawyer on behalf of Mr. Gurumurthy argued he claimed—not that the court did accept that... (*Interruptions*)

SHRI P. CHIDAMBARAM: You just now said it.

PROF. MADHU DANDAVATE: I am saying that was the argument that the letters were forged; it has appeared in papers. (*Interruptions*)

SHRI P. CHIDAMBARAM: Would my learned friend also then say what was the order passed by the Magistrate? What was the affidavit filed by Mr. Ram Jethmalani? (*Interruptions*)

SHRI S. JAIPAL REDDY: Why don't you tell? (*Interruptions*)

SHRI P. CHIDAMBARAM: First let him say that. (*Interruptions*)

PROF. MADHU DANDAVATE: I will say; don't worry. Why do you put me in the dark when you yourself are in the dock? (*Interruptions*)

SHRI P. CHIDAMBARAM: I only want you to make a correct statement. If you are given wrong information, please don't repeat it. (*Interruptions*)

PROF. MADHU DANDAVATE: I am making a correct statement. (*Interruptions*)

SHRI S. JAIPAL REDDY: What is the correct position? (*Interruptions*)

PROF. MADHU DANDAVATE: The hon. Home Minister must be equipped with all the details. I am relying on the details, verbatim report that had appeared in the press; even a photostat copy of that letter had appeared in the press; and it was mentioned that on the basis of these letters, to damage the prestiges they are told that the bail is being refused... (*Interruptions*) I do not want to go into this legal technicality as to why the Magistrate did it; whether he had admitted it, whether on the basis of that letter his judgment had been given. (*Interruptions*) Anyway the bail was given.

SHRI P. CHIDAMBARAM: I am grateful that Prof. Madhu Dandavate has qualified his earlier statement

and has not repeated that any agency of the Government of India produced any letter allegedly forged before any court.

PROF. MADHU DANDAVATE: I will again repeat. An allegation has been publicly made that CBI's hand must be there in forging the letter; that is what the lawyer had stated. Now whether the Magistrate has said and whether the bail which was given on the basis of... (*Interruptions*)

SHRI P. CHIDAMBARAM: Is he making an allegation now that CBI forged that letter? If he is making an allegation let him make it. I welcome it.

PROF. MADHU DANDAVATE: I have been relying on the reports appeared in the press. It is for the government to clarify it. (*Interruptions*)

SHRI P. CHIDAMBARAM: Let him make the allegations. We will reply. (*Interruptions*)

PROF. MADHU DANDAVATE: About hospitality, I have already said—you check up my words—that I have an hunch that there is some agency or an individual who must be forging those letters; probably some agency which might be belonging to business houses which might be belonging to rival house; I do not dispute that. I said that I had an hunch that the same people must have tampered with the telephone. But, anyway, it is a fact; it is on record that Oberoi accepted that originally in the name of Hershman a room was booked and at a later stage the name was changed on the computer. That is a fact. It is left to the government to go and make an enquiry into the matter. Here I have got with me a Registration Card which I have quoted. Tomorrow, if I am permitted by the Speaker, I will be prepared to lay a specimen of this card on the Table of the House.

SHRI VASANT SATHE: Why are you making a fiction here?

PROF. MADHU DANDVATE: This is not a fiction.

SHRI S. JAIPAL REDDY: What is the truth? (*Interruptions*)

PROF. MADHU DANDAVATE: This is a fact. (*Interruptions*) This shows that Hershman's name was entered, it had come on the computer and they themselves admit that later on telephone came and as a result of that another name has come. I want you to enquire into the matter and give the result about it.

SHRI VASANT SATHE: We are talking of hunches.

PROF. MADHU DANDAVATE: On the basis of documents, Mr. Sathe.

SHRI VASANT SATHE: We are talking of those things that we are told, about which you had hunches.

PROF. MADHU DANDAVATE: There has been a public debate on this. Let them come forward with fact. There are documents.

SHRI VASANT SATHE: Hunches you are not able to justify or substantiate. Let us enjoy the hunch.

PROF. MADHU DANDAVATE: So much talk is going on about foreign agencies being appointed for investigation of crime in our country as a threat to the security of the country. Once more I want to go on record about four instances in which foreign agencies were appointed or hired.

In 1975—I want to repeat—when Maharani Gayatri Devi went to the United States of America and lost her jewellery, Mrs. Gandhi was the Prime Minister; an American agency was asked to detect them and efforts were also made to assess them.

Secondly Charles Shobraj, the well-known smuggler when he escaped from Tihar jail and at that time also,.....

SHRI BHAGWAT JHA AZAD: He is repeating.

PROF. MADHU DANDAVATE: I have to mention, just as you have mentioned certain things, again.

When Charles Shobraj escaped from the Tihar Jail, the matter was referred to the Interpol to find out through investigation as to who were his colleagues outside India.

Then, again at Pune, when General Vaidya was murdered by terrorists, to find out who were all the terrorists connected with it an American agency was used and now another glaring instance and the fourth one, when the Bofors issue came up. On the basis of the correspondence that was laid on the Table of this House, it is very clear, that the Government of India requested the Swedish Government to make an inquiry into the matter and see what exactly is the matter. When I asked the question, when we were demanding for a House Committee on Bofors, why was it not appointed? Why is it that at a later stage it was appointed? We have been told by a spokesman of the Government that when the National Audit Bureau Report from Sweden came, some *prima facie* evidence about the Bofors deal was indicted, and therefore at the belated stage Government accepted the proposal to have the House Committee, though with no adequate powers to investigate as we have demanded.

And there is so much talk of instability, threat to stability and allegations that object of digging out corruption scandals was to contribute to instability in the country, May I again repeat my past argument? In Nixon's watergate episode and Lockheed episode in Japan, in one case the President of the U.S.A. was involved and in the second case the Prime Minister of Japan was involved, the investigation of corruption did not lead to insecurity and threat to the stability of the countries concerned.

[Prof. Madhu Dandavate]

Sir, as far as the rewards given to the informers I want to point out—on the basis of information available from Finance Ministry that Dubai and Hongkong informers were paid Rs. 3,18,000 in 1982, 1983 and 1984. An informer from Dubai was given on 23rd June, 1982, Rs. 25,000. An informer from Hongkong was given on 12th October, 1983 Rs. 5,000 an informer in Dubai on 30th December 1983 was given Rs. 18,000 and again from Dubai, another informer was paid in 1984 in February and April, Rs. 10,000 and Rs. 2,60,000.

This is the method that this Government has been following as far as informers are concerned and when they paid money to those informers from Dubai and Hongkong, they did not worry whether they were men of character. The only consideration of the Government was whether some information was available from these informers. And therefore unfortunately as a result of this report of Justice Thakar and Natarajan what has happened? Whereas the loyal and honest officers have been indicted the economic offenders are going scot-free.

Sir, my conclusion is that the Thakkar Natarajan Commission Report in view of the disrepute brought by it to members of judiciary, mutilation caused in the laws of the land, indignation created among law respecting citizens and because of the free licence offered to the economic offenders should be thrown to the dust-bin of history.

MR. DEPUTY-SPEAKER: Mr. Tewary.

PROF N. G. RANGA (Guntur): Sir, how long are we going to sit tonight? (Interruptions)

SHRI S. JAIPAL REDDY: Mr. Chidambaram, you are saying something.. (Interruptions)

SHRI P. CHIDAMBARAM: You will know when I speak. (Interruptions) I am not giving a command performance here. (Interruptions)

MR. DEPUTY-SPEAKER: I asked Mr. Tewary to carry on. Mr. Jaipal Reddy nothing. Let Mr. Tewary continue. (Interruptions)

SHRI P. CHIDAMBARAM: I will say the information when I speak. Amal Dattaji, you did not hear me. I said I will give the information when I speak... (Interruptions).. Don't distort my words. I said, I will give information when I speak. Sir, Amal Datta is distorting my words. I said, I will give the information when I speak. I am not obliged to stand up and answer Mr. Jaipal Reddy's question. (Interruptions)

PROF. MADHU DANDAVATE: He can give it leisurely. I have no objection. (Interruptions)

SHRI P. CHIDAMBARAM: I said, I will speak.

MR. DEPUTY-SPEAKER: Mr. Tewary.

PROF. K. K. TEWARY (Buxar): Mr. Deputy-Speaker Sir, I am impressed by Prof. Dandavate, who has been so quick to learn his lessons from Mr. V. P. Singh about the Commission, two Supreme Court judges who constituted the Commission, and other issues raised by the hon. Members.

Sir, I cannot believe that Mr. Indrajit Gupta and Prof. Dandavate, both perhaps the senior most Members of this House, could be so naive or uninformed or unmindful of the serious dimension which have come out of the Commission's Report. This report has been described by no less than a person than Mr. Namboodiripad of CPM party as a revelation. So, I would like to dwell more upon the revelation of the Commission which has come to us in the form

of their concern, on the security of the nation.

Sir, the way the whole exercise has been handled that smacks of a deep definite conspiracy, use of Government machinery for ulterior political considerations and I for one, would not support the thesis that there is nothing to this Commission's report and we should debate the mere technicalities or some irrelevant redundant questions which Prof. Dandavate wanted to import in the debate. Sir, ever since this Fairfax question surfaced in the House, in the Indian Parliament and in the Press, we have been really watching the concern of this House and the reactions of some Members, some political parties to the whole exercise very carefully.

I would invite the attention of the hon. Members of the House to certain publications about Fairfax and the tremendous job they were reportedly doing, about the so-called high-ups in Government of India involved in under hand dealings and corruption cases. These reports started appearing a little before this Fairfax agency was formally engaged in the first week of January, 1986 by Mr. Bhure Lal. If you look at the entire picture—Mr. Dandavate will acknowledge this—Mr. V. P. Singh was known and had earned quite a reputation for himself as a person who was stickler for norms, rules and regulations. I am not prepared to give a damn to this thesis or theory that Mr. V. P. Singh merely passed an oral order and after that he had bouts of amnesia and he forgot all about it. The whole exercise is so dubious. Persons of very dubious pedigree and ancestry have been associated with the exercise of governmental authority. Governmental authority was delegated to persons like Mr. Gurumurthy, that shadowy hatchet man of Ram Nath Goenka, the ancient wheeler dealer in Indian politics and press baron, was throughout in the picture. Then Nusli Wadia, who is a foreign national and has substantial business interest in such

exercises, was also associated. Along with these persons comes Hershman of fairfax agency, about whom CPM Politbureau has opined like this:

“Engaging Fairfax was an anti-national act and we oppose its appointment..... It is notorious for its connections with the CIA and the FBL.”

This is the view expressed by the Politbureau of the CPM. But what is now hurting and what is going home is the unmasking of a very deep laid conspiracy. Hershman as the person incharge of the orchestrated attempt on the credibility of the Government of India and our Party's Government, was made the chief spokesman. I had pointed out to the hon. Members in this very House almost ad nauseam that this country was being taken for a ride by a person, who had been engaged by a group whose intentions were not very pious, were not very clear.

Hershman makes a statement from America not about a particular company, company (a) or company (b). He talks of morality from the Olympian heights. He talks of the moral crisis in Indian political system. And then we in Parliament, the day Hershman makes the statement start an agitation in the House for a discussion and debate. And simultaneously pressure outside is built up. Gradually crescendo of political pressure mounts on the Government.

I would also like to point out—this is also part of report—that with this group of Mr. Goenka, Mr Gurumurthy, Mr. Nusli Wadia, Mr. V. P Singh shared his collective responsibility in this whole exercise. As I said, persons with dubious pedigree, known record of criminality, with them Mr. V. P. Singh shared the collective responsibility. He had no time to share his collective responsibility of running the most vital Ministry of the Government of India on a very sensitive matter, namely, catching hold of or tracing out the so-called hundreds or thousands of crores of black money stashed away in foreign banks. If he was really serious about

[Prof. K. K. Tewary]

tracing out this money deposited abroad, he would have been more meticulous, as he was meticulous in other things. He would have brought this matter to the notice of the leader of his party, the Prime Minister, saying: "Sir, this information I possess." He would have brought this to the Cabinet. If Cabinet was not listening to him, if Prime Minister was not listening to him, he could have brought this matter in the party, or he could have taken the Prime Minister into confidence. This House, this august House, this sovereign supreme House of Indian people could have been taken into confidence that this amount of money is deposited abroad. This gentleman goes around the country talking in the name of farmers, workers' participation and the so-called plunder of public money, in the same breath talks of Britishers having plundered India and draws a parallel with the present situation. Sir, are you prepared to believe, is the House prepared to believe that a person with such a zeal, such a Messianic zeal, I say, would have left this matter to be tackled to be dealt with by a mere Joint Secretary to the Government of India, that is, Mr. Bhure Lal, and he would have allowed free run of the Ministry to Mr. Bhure Lal to engage such a group of persons with definite criminal background, to collect information and conduct the affairs of the Government of India in the Finance Ministry, and to trace out all that huge board of money deposited abroad? This was not the purpose I must say. I am making a firm statement that for Mr. V P Singh and his friends, the purpose was different, as is borne out by statements of Hershman. Hershman is the detective agency's Chairman. I do not know how his conscience was suddenly assailed by the sudden downfall of moral standards in India and the democratic institutions, political parties, including Opposition, everybody going corrupt and because of this load of his conscience he agrees to

collect information. Such a dangerous job he accepts for mere reward of Government of India. Are you kidding with the whole exercise Mr. Dandavate? Are you really serious about this matter? Therefore, Mr. Deputy Speaker, Sir, I say that when this Joint Secretary or Director, Mr. Bhure Lal took up this matter, what were the real terms of reference for engagement of Fairfax? Was it one company under scrutiny or a number of companies? That is also disputed, or contradictory statements have been given by Mr. Pandey and Mr. Bhure Lal to the Commission.

Then, Sir, is Mr. Dandavate going to support the pretext or the stand taken by Mr. V. P. Singh in his well-publicised document, the defiance that he is throwing into the face of judiciary? Are we going to believe that? Bhure Lal went to America, Mr. Dandavate. The Enforcement Director—a Government official—who is going on a mission to unearth thousands of crores hidden in foreign banks, goes there, and the Finance Minister, does not know it? Do you think that the man was not aware of it? He says he has become aware of it only after he had left the Ministry. Mr. Deputy-Speaker, I charge that such a man is either a schizophrenic or he does not know what one side of his mind thinks and what the other side does or he is a part of a larger conspiracy and the conspiracy is established. If Mr. Mulgaonkar's role is scrutinised along with engagement of Fairfax Mr. Goenka emerges as the presiding diety with the overt and covert support of CIA and CIA-Advisors. Let us remember the months, the days when the House used to be rocked by charges of corruption, most trenchant criticism of the Government and that was the time when the republic itself was faced with this threat of subversion. When the Constitution itself was facing the threat of subversion, it was the same time, it was the same occasion which has been pointed out and Mr. Mulgaonkar, the former Editor of Indian Express has accep-

ted that the letter between the Head of the State and the head of the Government was drafted by him and leakage of that letter became the subject of heated debate and discussions in this very House. So, it was an umbrella of conspirators, by people who wanted to dislodge this Government through slanderous campaign through disinformation and the attempt was political destabilisation of this nation. What the report points out is precisely this scenario, this danger of national security and Mr. Deputy-Speaker, this country has a right to know from the people who have handled such sensitive matters in such a casual fashion or conversely in such a conspiratorial fashion, such people who are oath-bound to defend the constitutional functioning of the Government, to defend the administrative norms and administrative ethics of the Government. If the same people in pursuit of power, in pursuit of some fantasy of occupying the highest Chair in the country of dislodging the Government and that too in collusion with the foreign agency, hated foreign agency, which has had agony or grizzly record of destabilising Governments throughout the Third World, they must be exposed. It will hurt Mr. Jaipal Reddy, I am sorry for it but I cannot help it. Sir, I will read out from a very famous journal that is, 'Foreign Affairs' published from America. This article is written by Mr. Paul Kreisborg, a known advisor to the C.I.A. and Heritage Foundation. This article was published in 1985. The article is titled "India after Indira". If you read this, you will know all about Mr. V. P. Singh's game Hardgrave report came in this very House. I talked *ad nauseum* absent hardgrave report, the report on the possible assassination of Indira Gandhi was commissioned by the State Department of America. I quoted from that report and after all kinds of scenarios were depicted that India will go into pieces, India will be balkanised a thesis subsequently supported by Mrs. Kilpatrick in her famous thesis in

the same tradition. This article of Mr. Kriesberg says:

"But he (Rajiv Gandhi) has also promoted more traditional politicians in his general age bracket, such as V. P. Singh, an attractive and shrewed Congress Party member of parliament in his mid-forties. Singh, Rajiv's finance minister, held several cabinet positions in Mrs. Gandhi's post-1980 cabinets and organized the Congress victory at the recent elections in the vital north Indian State of Uttar Pradesh, which has 119 million people and 84 parliamentary seats. He has the grass-roots links which Rajiv Gandhi still lacks, despite the prime minister's demonstrated appeal to the Indian voters, and yet is fully committed to honest, efficient and modern government. Singh is a man to watch for the future."

Now, this throws a flood of light on subsequent developments. A press baron who was hostile and who has been hostile throughout to Congress(I) organised the conspiracy.

PROF. MADHU DANDAVATE: There was reference to you also in one article.

PROF. K. K. TEWARY: Sir, the whole picture the *dramatis personae* the whole cost of destabilisers with the support of foreign forces, foreign powers, and people unfortunately I must say in our Party, those who took into their head this suggestion seriously are all exposed. Because there was an agency, a group of people to work on them that this could be possible I must say. Otherwise there is no explanation as to why a person like Mr. V. P. Singh goes around the country talking of thousands of crores being deposited in foreign banks. He gave this oral assignment to a Joint Secretary of the Government of India after making such a big show of it. How this money was to be retrieved, he had no idea about it. Subsequently no follow up step was taken. Therefore, I say that the whole exercise was a gigantic hoax. It was sham; it was phoney; and the only purpose

[Prof. K. K. Tewary]

was to unleash a propaganda war on the Government of India on the Prime Minister of this Government. Therefore Sir it continued for such a long time and now to bring to your notice Mr. Hershman—even if I accept Prof. Dandavate's contention that Hershman did come in his real form, in his actual name, he did not travel incognito, what was the necessity for Mr. Bhure Lal and Gurumurthy and Nusli Wadia to meet him in parks and hotels and so on? Sir, Mr. V. P. Singh had stated in his statement, and these officers also said, why this foreign agency was employed. It is because, they say, the Indian Embassies in foreign countries are leaky, they leak, they cannot be depended upon, RAW cannot be depended upon, Parliament cannot be depended upon, the Cabinet cannot be depended upon, the Prime Minister of India cannot be depended upon. If you analyse it, they say the Government agencies are not capable of maintaining secrecy, therefore, a foreign agency was required. Sir, our whole system, according to Mr. V. P. Singh and according to his friends those who were handling this matter in the Finance Ministry then was unreliable. And now see his apologists in the opposition now. Therefore, I say a person who has no faith in his own machinery—now many such secret operations or secret deals are negotiated and concluded every day in the Finance Ministry. They are not put in files and as Mr. Azad, a senior Member of the House and a former Minister pointed out, I do not want to dilate on the implication of the oral orders. But, Sir, 'hus-hush atmosphere', 'cloak and dagger secrecy—these are the words used by the Commission. Therefore, I say that the whole exercise was part of a large well laid conspiracy. Otherwise Mr. Bhure Lal or even Mr. V. P. Singh would have at least taken trouble or taken care of referring verification of the facts to RAW at least. They should have depended on the Indian Embassy

there, but no attempt was made, Mr. Deputy-Speaker, the Government of India, for whatever it does, is accountable to this sovereign House. Mr. V. P. Singh whose admirers are now marshalling all kinds of ineffectual unconvincing facts are indulging in tutelological arguments, repetitive arguments. If anything happens and Government does not come to the House with entire set of details, then immediately, there is a demand for censure of the Government; adjournment motion is brought in the House. Here is a man, here is a former Minister who now is going around as Messiah, as a deliverer, as a person who is promising a brave new world to everybody and the Opposition is sticking to his Coal tails for whatever gains they think, they may make in future. Left is fighting for him; Right is falling head cover heels for him. In this situation here is a person, a former Minister who made a mincement of all administrative norms, of all principles of governance, of all principles of accountability at all levels, right from Prime Minister down to Under Secretary, and then the supreme House, Parliament. Do you think Mr. V. P. Singh who was a Chief Minister, who was a Cabinet Minister at Centre, who had held several important positions was so blissfully unaware of these things? Are you going to support this thesis?

Now, a point has been raised and this again is an attempt to side track the whole issue, to distort the real perspective of the thrust, the real thrust of the Commission. And then this political propaganda was unleashed and is still on, and the canard is still on for discrediting this Government. They say, why termination of whatever it was—engagement or hiring—was delayed? This Fairfax agency was engaged on the 6th of January. Before that—I do not know, this is for Mr. Tiwari to reveal. Before that perhaps this company was working for some Indian companies, mainly Nusli Wadia, a foreigner.

national. I would not call him anti-Indian because he is not an Indian. His activities are covered by the expression "anti-national", not anti-Indian. They were working for him. Now, suddenly on 6th January 1987, they were appointed or engaged or hired. Then, Mr. Bhure Lal goes on a jaunt, goes to America and he perhaps is reported to have contacted some other agencies. Then, on 10th of February, Mr. Pandey, the then Revenue Secretary comes to know of it because Mr. Bhure Lal on his return filed his tour details, after one month. And then, Mr. V. P. Singh suddenly woke up and realised on, sometime in the first week of March when he was the Defence Minister. I think, this is not administratively ethical or moral to call a file against all rules of business; the Minister who has nothing to do with that Department. If Mr. V. P. Singh's conscience was clear, he could have taken the stand, "Yes, orally I have given the order". But why was it necessary when he did not formalise that order, when he was in the Finance Ministry? Why was it necessary for him to violate all norms and rules of business and call for that file?

PROF. MADHU DANDAVATE:
To avoid victimisation of officers.

PROF. K. K. TEWARY: The Prime Minister was informed about it by Mr. V. P. Singh in March. Now in the mean time, on all prophetic pronouncements of Hershman, started pouring in I submit to the House, Mr. Hershman has challenged every institution of India.

Whether you are right or wrong, whether you are good or bad, Mr. Dandavate, this institution has been built by Indian people, by freedom fighters like you are other millions of people in India. Once this institution crumbles and crumbles under such assaults of such persons like Mr. Hershman and his patrons in foreign countries, that will be the saddest day for this country.

PROF. MADHU DANDAVATE:
It would not crumble because it is stronger than Mr. Hershman. Don't worry.

PROF. K. K. TEWARY: But, Mr. Hershman was making statements and the statements were coming from America. Indian press was taking up and this House has nothing else to discuss but Mr. Hershman's statements.

SHRI BHAGWAT JHA AZAD: The opposition were raising it.

PROF. K. K. TEWARY: For the whole country, Mr. Hershman was the prophet, as it were, directing our political thinking. Now he says, "This Commission of Enquiry is a white-washing exercise." He says "I will reveal much more than what people think I suggest."

Prof. Madhu Dandavate is on record to say that "If there is one person in India who should head such a Commission, it is Mr. V. P. Singh."

Mr. V. P. Singh did not utter a word of disapproval when the entire country was being denigrated by a charlatan, a fellow, whose antecedents are unknown and are shrouded in such thick mystery. That man is speaking like this, about our institutions, about our political parties and about our Government.

SHRI BHAGWAT JHA AZAD: So far, he has not given one statement against Mr. Hershman.

SHRI S. JAIPAL REDDY: He has disapproved the conduct of Mr. Hershman.

SHRI BHAGWAT JHA AZAD: No.
PROF. MADHU DANDAVATE:
They hit Mr. V. P. Singh more than they hit Mr. Hershman.

SHRI S. JAIPAL REDDY: They have no guts like Mr. V. P. Singh.

PROF. K. K. TEWARY: I may deal with the redundant point raised by Prof. Madhu Dandavate, 8 (b) and 8(c). But I will leave it for my friend who will talk about it.

Then why the contract was not terminated? Because in the meantime,

with the approval of the House, this Commission was appointed and once the Commission was appointed, it was for the Commission to decide how to deal with this Fairfax company and Mr. Hershman. It was quite possible for them to interrogate him or to find further information from him. So, it was left to this Commission. After that, it was not for Government of India to terminate the services of Fairfax company and when the real dimension of the conspiracy was known and surfaced, then Government of India also became conscious and careful to know what this Hershman business was and what were the linkages of Mr. Hershman and what was happening which fortunately has all been revealed by, as Mr. Namboodiripad has said, this Commission.

SHRI DINESH GOSWAMI (Guwahati): The Commission was terminated during the time when the inquiry was going on.

SHRI P. R. KUMARAMANGALAM (Salern):: The approval of the Commission was sought.

PROF. K. K. TEWARY: If the approval of the Commission was sought, it would have been terminated by the Government.

SHRI AMAL DATTA (Diamond Harbour): What is the legal position you please explain. Why the Government could not terminate without Commission's permission?

PROF. MADHU DANDAVATE: He is the Chairman of the public Accounts Committee.

SHRI AMAL DATTA: He makes some bald statements without substantiating them. They must be able to substantiate

MR. DEPUTY SPEAKER: You rectify whatever he stated. The hon. Minister will reply.

PROF. K. K. TEWARY: Mr. Dandavate would have us believe that because

hospitality was extended, that was the end of the matter about Mr. Hershman. Hershman was not for hospitality, was not for money. Hershman was for something much bigger, Prof. Dandavate. The dimension of the conspiracy has been exposed now that it was an all-round involvement. Letters of the Head of the State being drafted by a Columnist by a reliable dependent friend, former editor and now an employee of Goenka, on which you sought the dismissal of the Government. The same newspaper, the Indian Express and that pen-pusher, that mercenary journalist with Heritage Foundation background and the World Bank background, he wrote and gave a call to the Head of the Government to dismiss the Rajiv Gandhi Government, although we have thumping majority of 415 persons in this House. That was part of.. (Interruptions)

PROF. MADHU DANDAVATE: Be fair in us. I publicly said that according to the provision of the Constitution, so long as the Government enjoys the confidence of the Parliament, even the President should not use that Clause to dismiss it. I said it publicly. (Interruptions)

PROF. K. K. TEWARY: Mr Deputy-Speaker, Sir, I said that my CPM friends—(Interruptions) I quote the Politbureau. Prof. Dandavate, also I do not fault him on this. He spoke in a very subdued voice but on the basis....

PROF. MADHU DANDAVATE: Strongly..

PROF. K. K. TEWARY: But it is on the basis of the same writer. And again, the same newspaper, same journalist is churning out articles after articles in the Indian Express. Therefore, I say, as to what was happening. Now, the CPI, CPM, the so-called Leftists in India, I do not want to pull punches, as Mr. Dandavate, but I make it bold to say that you have said that Fairfax is an outfit of CIA; it was an antinational act to engage the CIA. You have said that it is a CIA-FBI front. You have

221

d about the entire politbureau resolution... (Interruptions). And I have quoted. But since you do not know... (Interruptions) I have nothing much to say about the politbureau and what happened there.. (Interruptions)

So, Mr. Deputy-Speaker, Sir, since Mr. V. P. Singh is now....

AN HON. MEMBER: Rajarishi...

PROF. K. K. TEWARI: Rajarishi or Brahmarishi promising Rama Rajya or whatever he is doing, Sir, he is their natural ally. This is an old history of my dear Communists, Left Parties of India. They choose wrong allies at the wrong time. In 1941-42, it was the British Imperialism which was their natural ally... (Interruptions) Now, it is Mr. V. P. Singh who had engaged or with his connivance, I must say, the CIA agency has been employed, has been engaged. He is their natural ally.

(Interruptions)

SHRI AMAL DATTA: Who is their ally?

SHRI P. R. KUMARAMANGALAM: V. P. Singh, and you.

(Interruptions)

PROF. K. K. TEWARY: Mr. Namboodiripad further explains and that makes the whole political stand clear... (Interruptions) He says: "I am not going by what he did as a Minister. I judge him from the point of view of what he is doing today." You please see this. This is the CPM's stand. This is the Leftist's stand. As a Minister he has connived with and he got a CIA outfit appointed.

(Interruptions)

SHRI AMAL DATTA: Sir, what is he saying?

(Interruptions)

PROF. K. K. TEWARY: He endangered the security of the nation. My Leftist friends are saying....

(Interruptions)

SHRI BHAGWAT JHA AZAD: If one has to understand, one has to close his mouth and open his ears.

PROF. MADHU DANDAVATE: As far as head is concerned, the question does not arise.

(Interruptions)

PROF. K. K. TEWARY: Now, we are concerned with what Mr. V. P. Singh did as a Minister. That is what Hershman does; Hershman's mentors do; what these agencies do to destabilise... (Interruptions) Sir, today, in the present situation, we are facing—for the last one year—all kinds of attacks have been launched on us from outside, along our borders, internal disturbances, ethnic, linguistic and regional violence have been funded very much by these forces and simultaneously. So, let us not, again, like the proverbial ostrich bury our heads in the sand. Throughout the world such agencies and such persons have brought down Governments through serious propaganda. And if Mr. V. P. Singh had even the basic honesty... (Interruptions). The company's name is there. I put this question to Mr. Narayan Datt Tiwary, Finance Minister, whose competence nobody can dispute, whose long experience as a Minister nobody can question, whose integrity nobody can question. Mr. Finance Minister, with the plethora of charges what are you proposing to do? As I said in the beginning, this was not a civil or a criminal trial; it was a fact-finding Commission. On the linkages provided by this Commission like those of Mr. Nusli Wadia—he is a national security risk—will you find his linkages in Pakistan, in America, in Nepal, all the companies that he has promoted? He is sitting over Rs. 500 crores of bank finance and a plethora of charges were levelled by Members of Parliament against Mr. Nusli Wadia. I will read out from this paper and I think the Finance Minister, if he has facts, can dispute these

[Prof. K. K. Tewari]

figures. In one decision, that is, exclusive concession for Paraxylene Import Duty, granted in one year from 1985 to 1986, during Mr. Singh's time, he made Rs. 15 crores. In another decision, abolition of countervailing duty on Paraxylene imports to make DMT production, he made Rs. 9 crores. In another decision, shifting of DMT imports from OGL to Appendix III and indigenous price increase by Rs. 1,500/- per ton, he made Rs. 10 crores per annum. In another decision, increase in import duty on PTA from 140 per cent to 190 per cent, he made Rs. 9 crores. On further increase in import duty on PTA by Rs. 3/- per kg., he made Rs. 18 crores. On proposed reduction by 40 per cent in Paraxylene import duty, he made Rs. 20 crores....

SHRI S. JAIPAL REDDY: Who is the major shareholder of the company? (*Interruptions*)

PROF. K. K. TEWARY: Mr. Deputy-Speaker, Sir, this Mr. Nusil Wadia's Company....

SHRI S. JAIPAL REDDY: What is the name of the Company?

PROF. K. K. TEWARY: The Bombay Dying Company got all these concessions... (*Interruptions*) and these concessions were granted to Mr. Nusil Wadia because he in collusion with Mr. Ramnath Goenka and his chain of newspapers was promoting Mr. V. P. Singh and was carrying on the designs of CIA and Mr. Hershman. This man was being given the benefit because he would finance this political destabilisation of this country. Therefore, I charge that Mr. V. P. Singh as Finance Minister was not unaware of the goings on and deliberately he did it to destabilise the Government... (*Interruptions*)

SHRI S. JAIPAL REDDY: On a point of order.

PROF. K. K. TEWARY: What has this Commission done? This Commission has done a wonderful job. This Commission, in particular, has laid bare the conspiracies. Now the mask has been ripped off the face of Mr. V. P. Singh and his authority... (*Interruptions*) I wholeheartedly support every word of the Commission's Report and I expect Mr. Narayan Datt Tiwari and the Government of India to take steps to impound the passport of Mr. Nusil Wadia—he is a foreign national—so that he does not run away from the country...

PROF. MADHU DANDAVATE: Also of Mr. Ajitabh Bachhan.

PROF. K. K. TEWARY: Yes. That also should be inquired into. I am not defending that. I think, that has already been inquired into.

So, all the charges submitted against Mr. Nusil Wadia and the criminal liability of Mr. Gurusurthy and other characters must be gone into in depth and national security must be safeguarded. All these characters whose head is Mr. V. P. Singh must be exposed in public as** and people who compromised national security.

MR. DEPUTY-SPEAKER: Mr. Jaipal Reddy, what is your point of order?

SHRI S. JAIPAL REDDY: Sir, he levelled many allegations against Bombay Dyeing. I support those allegations.

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

SHRI S. JAIPAL REDDY: But, Sir, he made allegations against Mr. V. P. Singh without any basic whatsoever. They are baseless allegations which are not to be reported... I want to ruling. If they are allowed to go

**Expunged as ordered by the Chair.

on record, we will quote thousands of cases.

(Interruptions)

MR. DEPUTY-SPEAKER: If there is allegation..

(Interruptions)

SHRI S. JAIPAL REDDY: He is quoting Mr. V. P. Singh as **

(Interruptions)

MR. DEPUTY-SPEAKER: Mr. Jaipal Reddy, if at all there is any allegation... I will go through it. If at all it is outside the purview of this thing, I will expunge it.

SHRI V. SOBHANADREESWARA RAO (Vijayawada): I am on a point of order.

MR. DEPUTY-SPEAKER: What do you want to do? First, I will finish this.

(Interruptions)

MR. DEPUTY-SPEAKER: If at all there is any allegation, I will examine it.

(Interruptions)

PROF. MADHU DANDAVATE: You may call it a debate on V. P. Singh.

SHRI DINESH GOSWAMI: I have a point of order. Mr. Tewary very correctly has pointed out that this country has been looted of crores of rupees by Bombay Dyeing. Does the Government now openly take the responsibility that this country has been looted by the ...

(Interruptions)

MR. DEPUTY-SPEAKER: There is no point of order.

(Interruptions)

PROF. MADHU DANDAVATE: One should be prosecuted and the other should be in the Cabinet.

** Expunged, as ordered by the Chair.

SHRI V. SOBHANADREESWARA RAO: Mr. Deputy-Speaker, Sir, my learned colleagues Shri Indrajit Gupta and Prof. Madhu Dandavate has extensively dealt with over the Report. I would like to touch a few aspects only.

Sir, first of all, I have to express that the whole nation is utterly disappointed at the Report submitted by Justices Thakkar-Natarajan Commission of Inquiry. The country is utterly disappointed over this Report. This Commission which was set up with two sitting judges of the Supreme Court has taken eight months and they have given a Report. What are the new points that have been brought out by this Commission? Only a few days back, this House was informed that several lakhs of cases are pending before the Supreme Court.

(Interruptions)

MR. DEPUTY-SPEAKER: Order, order.

SHRI V. SOBHANADREESWARA RAO: Several lakhs of cases are pending before the Supreme Court and while several eminent judges are there, the Government has appointed two sitting judges and after eight months of precious time, the Report is utterly disappointing to the country.

Sir, the Report has revealed no new point except those things which were known even prior to its appointment. One conclusion made by the Commission in regard to utilising the services of a foreign detective agency is that such an exercise will endanger the national security. Sir, it is very painful to note that the Commission has come to this conclusion. I would like to draw your notice to the line of thinking of the Commission in Chapter 15, page 266, in which it is clearly stated:

"Is it supposed to get any records by pilferage or by bribing the officials of some company? Or is it

supposed to secure the information by black-mailing persons from whom information is sought? One wonders what is the special advantage that can be secured by engaging a foreign private detectives agency. If there is justification in making any investigation or collecting some information from the business concerns based in a foreign country the purpose may well be served by making approach through diplomatic channels and collecting information by lawful means. If the official agencies of a country with whom the Nation has diplomatic relations cannot secure the information how could private detective agencies do so? And it is difficult to conceive of a country with which India has diplomatic and business ties refusing to cooperate to enable the Indian officials to obtain requisite information in a lawful manner without violating the law of the country. And surely India cannot want information in a cloak-and-dagger manner by violating the law of the land of the country from which some information is sought."

19.00 hrs. [Shri Sharad Dighe in the Chair.]

This is the line of thinking that is taken by the Commission. It is nothing but teaching *Ahimsa* to a butcher who daily cuts the heads of several goats. With this type of approach, can the Government get the information? Has it get the information earlier?

Do you believe that this Government can receive the vital information relating to several big industrial houses which are having assests and moneys in the foreign banks abroad contravening our country's Foreign Exchange Regulation Act provisions?

There is a disturbing report very recently. A study of the International Monetary Fund says that the Indian

deposits in Swiss banks till 1985 and stood at Rs. 1322 crores and in the year 1985 alone Rs. 393 crores of Indian funds were deposited—the highest in any single year in the recent past.

It is not a fact that there are several thousands of crores of rupees that have been diverted to foreign banks by Indians to further their nefarious activities? I would like to know whether the efforts of the Government have succeeded hitherto in getting that information through lawful means. It is clearly stated that such efforts in the previous times did not succeed and that is why exactly the authorities have thought it fit to take the assistance of foreign detective agencies.

SHRI BASUDEB ACHARIA: Sir, it was decided to sit up to 7 O'clock. You may take the sense of the House to extend it.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT): It was decided that we will sit till 8 p. m., and if need be even after that, till we finish this debate. I would cordially invite all the Members of Parliament to the dinner at 8.30 p.m. or 8.45 p.m. here.

SHRI V. SOBHANADREESWARA RAO: Sir, the Commission on this crucial point has taken note of the points made by Shri V. C. Pande, the then Secretary (Revenue), in his statement in response to the requisition under Section 5(2) on 26th June 1987 who has stated clearly the very Purpose of engaging this foreign detective agency.

"Some time in September/October, 1986 Shri Pande who was the then Revenue Secretary in the Finance Ministry initiated a discussion with the then Finance Minister (Shri V. P. Singh) as regards the problems faced by the Director of Enforcement making investigations in regard to economic offenders where some enquiries were required to be made outside India. The ne-

cessity for engaging a foreign private detective agency was felt in the light of past experience as some cases had failed due to inability to obtain the requisite material from foreign countries. According to him Shri V. P. Singh had given him oral clearance to utilise the services of a foreign investigative agency whenever it became necessary to obtain definite evidence provided that payment was to be made only on receipt of such evidence. The clearance related to the investigation against Reliance. However, at that stage there was no mention of any particular investigative agency."

Therefore, the criticism levelled by the hon. Member who spoke a little while ago against the former Finance Minister is most unfortunate. It should be expunged from the record. It is undeserving and unwarranted. One of the former Finance Minister has also clearly agreed that engaging a foreign agency to collect information is not new to Government of India. The former Finance Minister has also stated on March, 30, 1987 which was reported in Indian Express dated 31st March, 1987 and I quote:

"This is nothing new or unprecedented. A foreign agency was contacted even when I was Finance Minister."

He revealed that a foreign agency was asked by the Government in 1975 to carry out investigation in regard to the assets of Mrs. Gayatari Devi when she reported theft of her jewellery in U.S.A. The former Finance Minister has agreed that it is not a new thing to ask a foreign investigating agency to collect information when it is required.

Regarding the action of Shri Bhure Lal in not informing the Indian Ambassador one of the learned Members from the other side criticised about the way in which our Indian Embassy was kept in drak. For this the then

Director of Enforcement has clearly stated:

"It was his experience that whenever he enquired from Ambassadors, the parties came to know about it and that is why he did not inform the Ambassador about Fairfax."

In spite of all these facts the Commission makes this comment that the national security is in danger. Is not our country's security endangered when we have decided to purchase Bofors Howitzer contrary to the recommendations of a Technical Committee in which 15 of the members have not recommended the purchase of those guns, which my friends, Shri Unnikrishnan revealed to this House a few days back.

SHRI P. CHIDAMBARAM: Have you gone through the statement of Field-Marshal Manekshaw?

SHRI V. SOBHANADREESWARA RAO: Is not the country's security endangered when a private foreign agency has been engaged to bring personnel for Prime Minister's security? Is not the country's security endangered when some other departments are taking assistance from foreign intelligence agencies? Is not the country's security endangered when our IAS, IPS and other persons in the top administrative hierarchy are being trained in USA, UK and other foreign countries? Is the stand taken by the Commission to be supported? The conclusion by the Commission even after the detailed information given by Mr. Bhure Lal, Mr. V. C Pande is most unfortunate.

It is also clearly mentioned that no information was given by Government of India to Fairfax. Then what made the Commission to comment that the country's security is in danger. This Commission's report will be a happy news to big industrial houses or big business houses which are having huge estates or accounts in the banks abroad. It is unfortunate that the Commission has made adverse

[Shri V. Sobhanadreeswara Rao] comments on Shri V. P. Singh, former Finance Minister, Shri V. C. Pande and Shri Bhure Lal, Director of Enforcement, in spite of the detailed account by each in response to the questions from the Commission under Section 5(2).

I am constrained to remark that the Commission has violated the statutory provisions under the Commissions of Inquiry Act. People are thinking that the Commission has unfortunately become a tool in the hands of the ruling party to cast aspersions, throw mud on some individuals who are known for highest integrity and honesty all these years. Is this the reward for the excellent work done by the former Finance Minister and the two officers who were only acting with firm commitment and dedication to take to task the FERA violators and the economic offenders to unearth the black money? Should we now say a good-bye to the efforts to collect the information relating to the FERA violations by several big companies and individuals? Let it not be sidetracked. Let it not be viewed from a partisan angle that it is a fight between two giants. Let it not take any side. Let us take to task all the big industrial houses or big business people or individual, whoever violates the FERA and who siphoned off the Indian banks to the foreign banks.

In the Memorandum of Action Taken, the Government says that it has accepted the findings of the Commission. It is most unfortunate. So, I request the Government to reconsider its stand.

Even though Sections 8(B) and 8(C) are very clear that the persons whose reputation is likely to be prejudicially affected by the inquiry, the Commission 'shall give' to that person a reasonable opportunity of being heard, and to produce evidence in his defence. Then, why Shri V. P. Singh, Shri V. C. Pande and Shri Bhure Lal were not served notices under Section 8(B)? Is it to be taken that the Commission has deliberately done this? Is it to be

understood that if these persons are enquired by the Commission under Section 8(B) then during the course of the inquiry, many embarrassing questions may surface which are not to the liking of the powers that be? Is it the real reason? It is strange while the Commission has dealt extensively the Statesman's 'Insight' report under the heading "No Reliance on Mystery Letter" published on 20th March 1987, it has come to a strange inference. The report has great significance. I quote from page 95 of the Commission's report:

"...If it was true, it would clearly show that the initiative for engaging the foreign agency came not from the higher officials of the Government of India, but they were either inspired or used for a collateral personal purpose of others in as much as Shri Gurumurthy had found it too expensive to hire the said agency...."

This is the way in which the Commission has commented. Why the Commission has not served a notice under Section 8(B) to Mr. Gurumurthy though he insisted the Commission to issue the notice under that Section?

Regarding handing over of a file on Reliance to Mr. Bhure Lal, the Commission has sent CBI people also to get the information by pressure. Why did the Commission fail to serve notices under Section 8(b) and give him the opportunity to appear in person and answer all the questions that are asked by the Commission? Then, the truth would have come out. Why did not the Commission resort to such a step? It is said that unless Mr. Gurumurthy resorted to dubious methods—on page 128 the Commission says, 'without making recourse to some dubious mode of collecting information. Is this the way? You may recollect that Firoze Gandhi, father of the present Prime Minister, had unearthed a big scandal which rocked the whole nation. Do you mean to say that it was a dubious practice to get the information? If we are to go by the

conclusion of the Commission, we have to infer that Shri Firoze Gandhi resorted to dubious methods. Is it fair? During the last three years, the Members of this House are denied the information. You know very well that how much money was written as bad debts to the big industrialists and business houses that was agreed to by the Reserve Bank of India. The Members of this House could not get the information.

So, unless some extra efforts are made, such information will not come out. That is where the investigative agency comes into the picture. The Commission has questioned the bonafides of Mr. Gurumurthy as an investigating journalist who tried to bring out some serious lapses on the part of Reliance Industries. I have told you that inspite of Mr. Gurumurthy's request to be served a notice under Section 8(b) he has refused.

The arrest of Mr. Gurumurthy on charges of violation of Official Secrets Act, subsequent production of some letters said to have been written by Aracky of Fairfax to Mr. Gurumurthy have appeared in the Press. This letter was not at all inquired inspite of repeated reminders. The Commission did not find it fit to inquire as to how this forgery letter has come, who are the authors of that letter, whose purpose does it serve, and why did it come out at that point of time. Such an inquiry was not taken up by the Commission.

The whole exercise is to denigrate some persons mainly Shri V. P. Singh who has fallen apart with the official line of the ruling party in its attitude towards Bofors deal, West German submarines deal, the way in which the big business houses as well as some individuals who are having 5 bedrooms flats in Switzerland. That is where he has fallen wrong. That is why they are trying to find fault with you Sir. It is to defame such persons that the Commission has become an instrument in the hands of the ruling

party. It is very sad to see that on page 222, the Commission has made uncharitable comments on Mr. Bhure Lal whose creditability is much high and let the Minister point out a single lapse on the part of Mr. Bhure Lal who has served this Finance Ministry with all his zeal.

I draw your attention to this remark on Page 222 of the Report which is as follows:

"It has been established beyond reasonable doubt that Fairfax and Shri Hershman came to be engaged by Shri Bhure Lal by reason of the manipulation and manouevring on the part of Shri Wadia."

Is there any remark more untrue than thus? Is this the reward you are giving to one of the best officers? It is very clearly stated from the

....

(Interruptions)

PROF. MADHU DANDAVATE: He was one of the most honest officers.

SHRI V. SOBHANADREESWARA RAO: Why has the Commission failed to serve notice under Section 8(b) to Mr. Bhure Lal and ask him to appear before the Commission and answer the questions and find out the fact? Why did not the Commission resort to such a step?

The Commission functioned not in open; for most of the time it functioned in secrecy. Though there was accommodation in Court No. 9, in the Supreme Court, it is a wonder that the Commission preferred to sit in secrecy in the house of Justice Thakkar for almost two months in private and unannounced sittings. Unfortunately, Shri Bhure Lal was not given the opportunity. At short notice he was asked to appear before the Commission and that too without a lawyer. It is against natural justice. Is it the way in which the Commission should function? It appears that it was prejudiced and in this connection, I would like to point out one clear

[Shri V. Sobhanadreeswara Rao]
contradiction. On page 139 of the Report, it is stated:

"According to him, in about September, 1986, Mr. Pande had given him verbal clearance about seeking assistance from foreign agencies but he had not mentioned to Shri Pande about the talk he had with Shri Hershman nor did he apprise Shri Pande of his idea to utilise the services of Fairfax".

He got the clearance in September-October, 1986 and Mr. Hershman came in November. Where was the need for Shri Bhure Lal to inform Mr. Pande that he had talked to Mr Hershman. This is how the Commission had functioned. The Commission was prejudiced and it has come to wrong conclusions

In the same report on page 148 it is stated:

"In November, 1986, Shri Bhure Lal had apprised him that he had a meeting with one Dr. Harris (Mr. Hershman), a detective from the USA."

Shri Bhure Lal had not kept any body in dark. He had kept his officers informed of what he was doing. Lastly, let the Government reject this report, it is nothing but a fraud on the nation, a fraud on the people of this country. Let the Government take all necessary steps, which, if necessary, may include steps such as taking the assistance of foreign detective agencies and the information about FERA violators and economic offenders, so that action could be taken against them. But that will enable us to use that money for the well-being and welfare of our people and the development of our country.

With these words, I conclude and thank you for giving me this opportunity to participate in this discussion.

[Translation]

SHRI SATYENDRA NARAYAN SINHA (Aurangabad): Mr. Chairman, Sir, I do not understand as to what are the objectives of this discussion. You might be aware that the opposition made a demand to know the circumstances under which the Fairfax was appointed and whether it posed a threat to the country or not. Thereafter the Government set up an Enquiry Commission comprising of two Judges of the Supreme Court and the Commission has now submitted its report. It has been stated that it was only a Fact Finding Commission and has not made any recommendation. It is surprising and regretful that today the opposition is criticising the Commission. It is being said that the report of the Commission should be totally rejected and thrown into a dustbin. Both of the judges are the Judges of the Supreme Court and their report should be taken more seriously. Whatever we may say in regard to this report, we should say it discreetly. I was surprised when Prof. Dandavate, for whom I have high regards and affection, started pleading in favour of Nusli Wadia... (Interruptions) It is all right. But I fail to understand if there was any need to raise the issue that Hershman was staying in the Oberoi Hotel and he was transferred at some one's phone call. As has been reported by the Commission in consultation with Nusli Wadia that it is doubtful that the hotel charges amounted to Rs. 24,000 and the room charges were paid by Shri Hershman whereas the remaining amount of Rs. 24,000 was paid by Nusli Wadia. Because when he was asked to show the original bill he did not do so. Nusli Wadia was summoned and asked to make a statement. He refused to make a statement and caused delay in furnishing his reply. Taking all these aspects into account they became apprehensive that Nusli Wadia is also involved in it. Shri Bhure Lal has categorically admitted that he and Gurusurthy used to meet, not in his office but in various hotels. This statement of Shri Bhure Lal appears to be incorrect, because any officer of the Finance Ministry, whether he is of the

rank of a Secretary or a Joint Secretary, sits in his Chamber in office and meets people there. It is not practicable that he will go to various hotels to meet people. At least I am not aware of this sort of functioning.

(English)

SHRI S. JAIPAL REDDY: What is wrong?

[Translation]

SHRI SATYENDRA NARAYAN SINHA: Hon. Member, Shri Jaipal Reddy says what is wrong in it? He might be knowing more and I may be ignorant about it. But from my experience I know that it is not so that our officers meet people outside. Similarly it was Shri Gurumurthy who arranged a meeting with Shri Hershman. When he visited U.S.A., Hershman made up his mind to undertake this job on the basis of 20 per cent of the evaluated information. But no discussion took place as to how the expenses will be met. It was decided that he would receive payment as and when he gave any information. But Mr. Hershman evinced keen interest in the deal. He accompanied Bhure Lal at his own expenses wherever the later went in U.S.A. Who met these expenses and what was the source of this money? According to Hershman's own statement he used to charged fees on an hour to hour. basis. Where from he received this huge amount and what inspired him to accompany Bhure Lal wherever he went. In view of all these developments it becomes a matter of doubt as to who is involved in it. It is not possible that Gurumurthy had the capacity to meet these expenses. That is why suspicion arose against Nusli Wadia and there is nothing to be surprised at it. The Commission said that they suspect him. If Shri Nusli Wadia has any grievance, he may go to a Court and prove his innocence that he is in no way involved in it and he has no connection with Hershman. It is regretted that the entire work was being carried on orally. Shri Madhu Dandavate

said that the Hon. Prime Minister also use to give verbal orders. It is not a wrong thing to give verbal orders. But the officers do bring such orders on record later on. Even the former Finance Minister directed Shri Pandey in the course of their talks and gave his consent to engage a private detective under these circumstances. This order of the Finance Minister has been brought on the record. Shri Bhure Lal said that he was going where. At the time of going abroad Shri Hhure Lal said that he was going abroad on official business. Thereafter he returned in January and submitted his report to Shri Pandey. I find this system of functioning very surprising. But this is the sort of work which was being don. Prof. Madhu Dandavate had also been a Minister. He will also support us when we say that this is not the way to function. It seems as if everything was done in an informal manner.

I do not suspect Shri Bhure Lal's integrity but I want to certainly submit that Shri Bhure Lal was manipulated by Shri Gurumurthy. According to his own statement, he had accepted Shri Gurumurthy's advice. You may read the report in which it is stated that Shri Gurumurthy had suggested about engaging the Fairfax and this suggestion was accepted. This has been given by Shri Bhure Lal in his statement. Shri Dandavate will also agree that an honest person can be manipulated. We are not suspecting his honesty but just that this work has been done wrongly and therefore has given rise to so much of criticism.

What has this Commission done? The Commission has simply stated in its report, after conducting due inquiry into the matter that the system of functioning of the Finance Ministry had not been proper. Some disturbing features are there. Such a major decision was taken yet there are no written record of that. It is very surprising. The Commission has drawn the attention in this direction. I do not think that any Member in the Opposition will have any objections in this

[Shri Satyendra Narayan Sinha]

regard. Everyone will support it. The Finance Ministry had carried out the entire work orally. Nothing has been put down in writing anywhere. This is not right.

I want to request the hon. Minister that such style of functioning should be changed. Whenever some oral orders are given they are immediately recorded. In the given case, nothing has been recorded.

Shri Bhure Lal did not submit any report after returning from abroad. On the 6th of February, he dictated a note in that respect which was received by Shri Vinod Pandey on the 10th of February. In the meantime, the Finance Minister came to know about it. By that time he was already transferred to Defence. He came to know about engaging the Fairfax at this stage. What can be more surprising? How will any Minister tolerate it? The fact that that was enough but I do not think so. I think it was wrong. The Commission has opined in the report that this was a disturbing feature and efforts should be made to remove such shortcomings in future. I think this is right and the Opposition should also support it. Shri Vinod Pandey and Shri Bhure Lal did not put anything in writing which was wrong on their part.

When a debate on this issue started, Shri Vishwanath Pratap Singh wanted to see the file. As per his submission, he asked Shri Vinod Pandey to show him the file. The file reached him and he informed Shri Brahm Dutt expressing his wish to set the records right and bring the oral clearance on record. Instead of informing him he ought to have written a letter to the Prime Minister stating therein as to how and on whose order the Fairfax was engaged. What he wrote here could have been given in writing to the Prime

Minister. On the basis of my experience so far, I want to say on the basis of Rules of Business that when he was no longer the Finance Minister, he should not have written a note on the file of the Finance Ministry. Shri Dandavate will also agree to it and so will all others.

(English)

PROF. MADHU DANDAVATE:
After consulting Shri Brahm Dutt.

(Translation)

SHRI SATYENDRA NARAYAN SINHA: Of course, one can consult and write but I think he had not consulted him in the sense, that he never said that he wanted to write something on the file. He said that he wanted to see the file. So he should not have written anything on the file and therefore it was not right.

Secondly, regarding payments, as I had said earlier also that no payment was made to the Fairfax and this matter requires consideration.

(English)

SHRI AMAL DUTTA: The Commission had said one thing. It wanted to see the files.

SHRI SATYENDRA NARAYAN SINHA: No, it does not say that. Shri V. P. Singh said that he told Mr. Vinod Pandey when he went to see him after the Budget was introduced to know his reaction in the Budget.

Shri V. P. Singh said, I would like to see the files. You please show me the files. That is what he said Mr. Vinod Pandey recorded this on the file.

(Translation)

The Minister of Defence wanted to see the file and it might be sent to him. Later on he informed Shri Brahm Dutt. This is wrong because if you read the Rules of Business you will find that files cannot go directly, the State Governments also follow the same rule.

[English]

SHRI INDRAJIT GUPTA: Mr. Brahm Dutt did not object to it if he knew about it.

SHRI SATYENDRA NARAYAN SINHA: *Ex post facto* he did not object to it, you can ask him. Everything had been done *ex post facto*. He didn't tell that he is going to write on it. Mr. Brahm Dutt is here, let him clarify it, whether he was told that he is going to record on it.

Mr. Chairman, the Minister of State for Finance Mr. Brahm Dutt is here and it is for him to clarify whether the former Finance Minister asked him that he was going to record a note on the file that is why he wanted it. Let him say that.

MR. CHAIRMAN: You can address the Chair. You complete your speech. Question-answer cannot go on like this.

SHRI SATYENDRA NARAYAN SINHA: Mr. Chairman, he wants to clarify it. Let him clarify it.

SHRI VIDYA CHARAN SHUKLA: You clarify it.

MR. CHAIRMAN: Question-answer form will not be useful.

(Translation)

SHRI SATYENDRA NARAYAN SINHA: Secondly, I want to submit that Shri Gurumurthy has written a number of articles about Reliance. It means that files of the Finance Department are kept elsewhere also. These files contain important and classified documents. This kind of functioning should be inquired into. The Government should see as to how these files leak out. What are the reasons behind such leakages and who are responsible for that? This results in considerable loss. As we talk about security risk in the Fairfax affair, this is equally harmful because several secrets leak out.

Just now my colleagues submitted and I also agree with them that stringent action should be taken against FERA violators and tax evaders. You are taking strong action in this regard. Large business houses are being raided and you are taking every action against them. Yesterday, Prof. Madhu Dandavate had mentioned the raid conducted in Thapar House in his speech when he apologised....

PROF. MADHU DANDAVATE: I mentioned Wadia also, I took the names of Sahu-Jain and Shri Ajitabh as well.

SHRI SATYENDRA NARAYAN SINHA: You took the name of Shri Nusli Wadia. It is alright. You may be aware that Government intends to deal severely with everybody in this regard. You may have seen that these raids have created considerable uproar. An industrialist has even written an article in the 'Hindustan Times' daily, that raids have created a sense of uncertainty in them.

SHRI VIDYA CHARAN SHUKLA: After the departure of Shri Vishwanath Pratap Singh, how many raids have been conducted? Kindly cite at least one such case.

SHRI SATYENDRA NARAYAN SINHA: Our Finance Minister will give a reply thereto.

Regarding the foreign agency, the issue is whether it should have been engaged or not? I agree that the foreign agency was hired because we did not have proper arrangements ourselves but I want to say that before engaging it proper investigations ought to have been made of its antecedents. What can be more blame worthy than the fact that we did not even try to find out the antecedents? Whatever Mr. Gurumurthy said we accepted it. We never tried to investigate the nature of its link with the C.I.A. No thought was given to see whether entrusting of this inquiry to the Fairfax, would be harmful for the

(Shri Satyendra Narayan Sinha)

country or not? It is not possible to get the entire information. If some information about the influential people is got it can be used for blackmailing them. In this way unrest is created in the country. According to the Commission attempts at destabilising the country would mean constant censure of the Prime Minister and the Government which would shake the confidence of the people in the Government. If confidence is shaken, it will become difficult for the Government to function. The orders will not be carried out. Our aims of taking the country forward and of maintaining peace and harmony will not be realised. By keeping these things in view I want to say that the Commission has submitted its report after considerable labour and its findings ought to be given consideration. It is regretful that the Opposition wants the report to be thrown into the dustbin. I want to submit that we should rather congratulate the Supreme Court Judges for the work done by the Commission. With these words, I conclude.

(English)

MR. CHAIRMAN: Now Mr. Amal Datta.

PROF. MADHU DANDAVATE: Sir, one point: Sinha Ji asked: 'While the file was invited, was the procedure followed?' (Interruptions) These are only question and answers—only two lines... (Interruptions). The question by the Commission.. (Interruptions) Sir, Mr. Sinha had referred to me that is why. (Interruptions)

PROF. K. K. TEWARY: He has finished his speech.

MR. CHAIRMAN: No, please; Mr. Dandavate, you are not entitled to reply to him. (Interruptions) You have already spoken.

SHRI GIRDHARI LAL VYAS (Bhilwara): Pass it on to Mr. Amal Datta.

PROF. MADHU DANDAVATE: Thank you; for once you have made a sensible suggestion.

MR. CHAIRMAN: Mr. Vyas, he does not want your advice. Now Mr. Amal Datta.

SHRI AMAL DATTA (Diamond Harbour): Sir, I think what is intended to be a mini-debate on Fairfax has drawn on for a very long time. So, I shall try to be brief.

I call it a mini-debate, because only a part of the Report has been laid before the House and made available to the Members. The Report itself says, or the authors of the Report, the two illustrious Judges of the Supreme Court say that this is a core report. Apart from this core report, there are three other volumes: Volume IA, Vol. IB and Vol. II. And what do they contain? They contain the proceedings relating to Nusli Wadia, consisting of his applications etc. in Vol. IA. Vol. IV consists of requisitions issued to others, and the responses received from them.

19.44 hrs.

[MR. DEPUTY SPEAKER in the Chair]

So, at the moment we do not know what responses have been received from others. We are only relying on that bit which the Commission has chosen to pick out, to marshal its own arguments. Then, the rest of the papers are included in Vol. II. I would like the Finance Minister, not now but after taking proper advice, to say in the course of his reply, as to why these portions have not been laid before Parliament, and have not been allowed to be used in the debate today.

Therefore, I call it a mini-debate on Fairfax, to be followed in the next Session, hopefully, by a larger debate with all the papers having been made available to us, and in good time, not

giving us only a bare 2 or 3 days' time, because this will be a voluminous report.

I would not exactly follow my learned colleagues in the opposite because I believe in the maximum giving the devil its due, not devil exactly but the illustrious judges. But the maxim goes like that. So, what can I do? These illustrious judges formed the Commission and started work on the very day. They got a letter from the Finance Secretary on 10th of April 1987. A copy of the Gazette Notification was received by the Commission from the Finance Secretary and on the same day, 20-4-1987 the Commission commenced its work at the Chairman's residence. Not a minute was wasted. Wonderful. But on 23 only a Secretary to the Commission was appointed and joined, appointed/joined, Wonderful. The Secretary of the Commission may have joined on the same day he had been appointed. But the Commission had started its work five days earlier. This is something to be noticed for the keenness with which the Commission had started upon its work; and the staff of the Commission was appointed on the 7th of May. This is wonderful. Is it not that our judges started working without anybody being appointed and in their residence also.

After that the government which was so eager to get this Commission appointed—when we were asking for a Committee of the House to be appointed because this was not a matter, according to us, fit to go before a Commission of Enquiry—this Commission was made available on office only two months after the Notification. The Notification was issued on 6th April, the office was made available to them on the 4th of June. Is it not wonderful? How eagerly the Commission had got on itself to work and produce a Report in 8 months' time, only with two extensions al-

though they started the work the moment they got a letter from the Finance Secretary?

I will not say much against the Report except to comment that this is perhaps the best example of how the judiciary gets politically manipulated for political purposes, perhaps the best example, which is a historic example of that also, as also from what the Report itself says, how the government can be manipulated. Now the government, according to the Commission, was manipulated into appointing Fairfax; and this Report says that the same government, may be two other officers, other Ministers were manipulated into appointing a Commission to exonerate the person against whom that particular agency was appointed. Is it wonderful? How is this government participating in the internal war, inter-corporate war between the two big companies; one company, according to the Commission, got the government manipulated to appoint a detective agency in a foreign country to shell out certain facts which will go against its rival? When the rival came, he manipulated the government to appoint a Commission to counter that, to find fault with the method of appointment of that particular agency. But the Commission does not say anything, although its terms of reference contain so. About the circumstances under which this Fairfax agency was appointed, the first terms of the Commission does not say clearly and unequivocally. So, it does not come to any finding on that, except to note that according to Mr. Bhure Lal, whatever endeavours he had made to find out about the foreign assets or foreign transactions, even balance sheet of a company,—Kirloskar he has mentioned here—he could not succeed in getting those information, and whenever Embassies were tried as agency for getting this information immediately the information of these endeavours leaked out to

[Shri Amal Datta]

the persons against whom the enquiry was to be made. This is Bhure Lal's excuse. But the Commission says that it could not believe, it is less than convincing. That is the phrase used by the Commission. There is no need to refer. So, the Commission finds that there is no substance in that. But did the Commission try to find out? Apart from Bhure Lal's own written answers to the Commission's written requisitions, the Commission before rejecting as less than convincing, in other words incorrect, in other words a false statement of Bhure Lal, before that, they did not ask him to come and give evidence, so that he could be cross-examined. On the other hand, the person on whose contention the Commission comes to this conclusion that Bhure Lal is telling an untruth, Bhure Lal should have been given the opportunity to cross-examine that person under Section 8B..

This Section 8B has been mentioned by most of my hon. friends before, I need not labour very much on that, except to say that the Commission has made a lot of noise about Gurumurthy not appearing before it on the ground that he will only appear on Section 8B notice, which the Commission refused to give. The Commission wanted written information. Now, Gurumurthy apparently now proves to be right. I am not holding any brief in his favour. But Gurumurthy when he says that if I give you anything which you might hold against me, you are not going to give me any opportunity to come under Section 8B before you, to cross-examine those persons who are making allegations against me. The Commission poo-pooed this plea taken by Gurumurthy. On the other hand because in the other case he is the main person against whom the Commission by implication has held them guilty, of having appointed this agency, the Commission has in spite of their giving answers to the written requisitions

the Commission have held against them without giving them an opportunity under Section 8B. This is the point which is slightly different from what has been made before. Because it shows unfortunately perhaps that Gurumurthy was right, the Commission was wrong in making this distinction between investigative stage and a stage of enquiry when an opportunity will be given. Mr. Gurumurthy saying, "You will never give me an opportunity; unless you issue Section 8B notice, I am not going to come." This is exactly what happened to the other person. And, in fact, in one case, in the case of Shri V. P. Singh, the Commission sent a second questionnaire and in answer to that questionnaire certain things were revealed by Shri V. P. Singh. Unfortunately, it appears that no portion of this found a place in the Commission's report. I am reading from a copy of this questionnaire, authenticated by Shri V. P. Singh. This is a Xerox copy. It says, in this questionnaire, "The day I made the noting referred to in this question, that is 11-3-1987 regarding oral clearance, I met the Prime Minister in the night in his office and told him that I have sent the file that was asked for by Shri Gopi Atora and also appraised him of the ground on which I had given the clearance." Even the ground has been appraised!

I continue the quotations. He said, he saw nothing wrong in the clearance I had given.

Other point is, I want to quote from another portion of this.

SHRI P. R. KUMARAMANGALAM: After saying all this, do you mean to say that Fairfax appointment was not correct.

SHRI AMAL DATTA: No, I am not saying that. Don't try to trap me now.

SHRI P. R. KUMARAMANGALAM:
 You should have been appointed as one of the members.

(Interruptions)

SHRI AMAL DATTA: He had said that in reply to the question 'Why he made a noting in the file when he was no longer the Finance Minister?', "I had expressed my desire to Shri Brahma Dutt, the Minister of State for Finance as well as Secretary, Revenue that I want to go on record regarding the oral clearance I had given and I did not ask the Revenue Secretary to send the file directly to me." This has been totally ignored by the Commission, and the Commission has gone on to find as if he had surreptitiously obtained the file from the Revenue Secretary only with a purpose of seeing the file and has made a noting on it, which he was unauthorised to do under the Rules of Business. Sir, is it not possible that one Minister in this case, Mr. Brahma Dutt may ask another Minister, who was his predecessor to say, 'All right, if you have taken this decision, please have it recorded in the file'. This is what his testimony and his written submission, his written answer before the Commission, and in that he has said this. Every page of it has been authenticated by Mr. V. P. Singh. Therefore, it appears that the Commission has picked and chosen the evidence, the written replies which are convenient to it and have chosen to ignore the other one. In other words, the Commission has shown itself to be totally biased.

The main burden of the Commission's findings is, there has been a lapse from the procedure, which the Government should follow in a case like this. Do the Government have prescribed procedures for these things? I hope the Home Secretary or the Finance Secretary—anyone of these two will make this clear to this House. But the strange thing about the Commission's own report is this, that the Commission does not take any evidence to see what was the procedure,

whether there was any procedure and if so, what was the procedure being followed by the Government in the case of appointment or engagement or coming to an arrangement with persons who would supply evidence for the purpose of collecting better revenue, larger amount of revenue. They are habitually, I think, quite often appointing or engaging such persons, if not for external atleast for internal purposes. There must be a procedure for that. Do they write down everything about these informers? Do they keep separate files for them? Do they make entries whenever they come, when they discuss, when they go, where they meet them and all these things. So, this is something which the Commission should have done, it has not done. It is a lapse on the part of the Commission to take the evidence to establish would not be unhappy if the Commission has found out, as a matter of fact, whether the Government has a set procedure and if there is a procedure, whether there has been any laps and the Commission is within its right to find fault with all the three persons connected with this. If there is no set procedure, if these matters are kept in secret, if these matters are not kept on the file, if these matters are not recorded, we do not know now. It is for these people to say so.

SHRI P. R. KUMARAMANGALAM:
 You are changing it... (Interruptions).

SHRI AMAL DATTA: I am not changing anything. Again, you have gone there. So far as the procedure for the appointment is concerned, I only say that the Commission should have done a much better job. It should have done a job, not speculate. This kind of speculation we have always been doing in the Parliament because we had no access to information. The Commission had access to all the information available with the Government of India. It chose not to get the information, but to go on speculating. Is it a commission worth

[Shri Amal Datta]

its name Is it a commission which can be qualified for the term judicial?

20.00 hrs.

PROF. MADHU DANDAVATE: It should be called omission.

SHRI AMAL DATTA: It is my humble submission that none of the matters that the Commission took upon itself to make a finding out are sustaintiable on the basis of the facts which the Commission has found. It says that Bhure Lal committed the Government of India to uncertain amounts of sums to be paid to the agents. This is one of the findings. Because we do know whether this 20 per cent amount to 20 crores or 2000 crores. But 20 per cent is 20 per cent. If the Government of India finds Rs. 40,000 crores which is supposed to be the money taken away and secreted elsewhere, then they have to be paid. So, was Bhure Lal actually appointed only for the limited purpose of making findings against Reliance, Dosi and three or four companies? Or was he given a blank card, a carte-blanche, for the purpose of finding out whoever has taken money out of India and finding out the bank accounts? That is what is more important. That is why I want to find out all those volumes which have not been made available to the House. It is possible, because of the apprehension, the haste with which the Government suddenly transferred Bhure Lal and Vinod Pande and transferred even the Minister and ultimately, of course, sacked him, that the engagement was much wider in scope. Not only these four people but people in high authority in this country would have been involved ultimately. That is why, the panic reaction the Government has shown. Why is it so? We can only speculate because we do not have even those papers which are now admittedly with the Government. It has not chosen to make them available to us.

PROF. MADHU DANDAVATE: PAC should ask for them.

SHRI AMAL DATTA: I may be just allowed to digress. In fact, for one of the investigations the Prime Minister had once said that instead of forming a joint committee of the Houses, the matter be investigated by one existing Committee of the House and he mentioned for instance, Public Accounts Committee. Of course, later on, for reasons best known to him, he has not given anything to PAC.

PROF. MADHU DANDAVATE: This is the measure of confidence in Amal Datta.

SHRI AMAL DATTA: I do not grudge that for a moment. I have got lot of work.

Then Shri Somnath Chatterjee has been quoted by the Commission in two places at length. And he has been quoted in this House also. He is our leader; he is our hon. colleague. We stand by what he said. We do not go against him nor do we go beyond him. What he said was simply this. In this manner of choosing an American detective agency, the very choice of an American detective agency and the manner in which it was chosen were both equally bad, heinous, detrimental to the interest of the country.

SHRI P. CHIDAMBARAM: He said more.

SHRI AMAL DATTA: I agree hundred per cent. There is no doubt about that. And the only thing on which I agree with the Commission is that it was a highly risky think to do. Possibly it had not done any harm because the agency did not do any work. Possibly it did not do any work, I do not know. The Government will not tell us anything. But he also drew attention to much larger questions and these larger questions I am quoting from his speech because it is to be put on record again: He says:

"Unfortunately, it seems that Government of India after 40 years of independence... have been

unable to find out any agency in India for the purpose of making investigation under an Indian law."

Further on he says: "So, there is a clear admission that we have not been able to build up the minimum infrastructure to find out violation of our law by Indians or non-resident Indians in foreign countries."... (*Interruptions*).

PROF. MADHU DANDAVATE:
Non-Indian residents?

SHRI AMAL DATTA: No, non-resident Indians. Again he says: "... why don't you search your own heart and put your own house in order and make it clear to the people of this country." Therefore, Sir, he was on a larger perspective, much larger than our hon. friends on that side appreciate. The economic offences have been mounting over the years, and after the coming into power of this Government, they have been several times more than what they were before, because of the policy of liberalisation of the Government which gave enormous scope to the businessmen to take away the money into foreign countries. The usual rogues are known.

Now, Sir, this Government—in fact, not only this Government from 1985 but the Government preceding it—should have seen to it that there is an Indian agency capable of making investigations in foreign countries. This has not been done. And this is what we decry. When we ask for self-reliance in so many fields, why should there not be self-reliance in this field also? Why should we not be able to build up our own agency in foreign countries for the purpose of these investigations? That was the main thrust of this speech. It is not just because of the Fairfax but because this Government is incapable, incompetent and if somebody tries to rescue it, it goes against him.

PROF. MADHU DANDAVATE:
Black-money should be kept in India only for self-reliance.

SHRI AMAL DATTA: Then, Sir, there is a post script to this Report and this is very interesting. This is at page 289. Obviously, after the concluding chapter had been concluded, something again had to be added. Something has been added in a style which is somewhat different from what preceded this.

SHRI P. CHIDAMBARAM: This is not after the concluding chapter.

SHRI AMAL DATTA: It has been made to look as part of the concluding chapter, but it is not... (*Interruptions*).

SHRI P. CHIDAMBARAM: That is an incorrect statement, Sir.

SHRI AMAL DATTA: I will read out one sentence. The first sentence is like this... (*Interruptions*). This is my conclusion and my finding. He cannot challenge it.

PROF. MADHU DANDAVATE:
Only acknowledgement comes after that.

SHRI AMAL DATTA: The first sentence starts like this: "A last word needs to be said before the Commission concludes the concluding chapter." But it is headed as 'Post Script'... (*Interruptions*). All right, you draw your conclusions, I have drawn my conclusion because the style of English is different. The way it is written is different.

SHRI INDRAJIT GUPTA: What does post script mean?

SHRI P. CHIDAMBARAM: Post script to the answers given to the terms of reference. Post script to what? Post script to items 1, 2, 3, 4 6 and before the Chapter is over... (*Interruptions*).

SHRI AMAL DATTA: Let me read out, Sir... (Interruptions). "The services of the foreign private detective agency were being utilized in the name of and on behalf of Government of India and not on behalf of the officials who did so". Now comes the main portion: "And yet the Government and even the Prime Minister were totally in the dark about these sensitive matters." Why the Prime Minister only? Even the then Finance Minister was unaware. If the Government of India's way of functioning is different from its way of functioning when appointing agents or informers on other matters, or for internal investigation and so on, then certainly it has to be decried. Why drag in the name of the Prime Minister here? Obviously because of Mr. V. P. Singh's reply which says that on 11th March, he had informed the Prime Minister and the Prime Minister says "there is nothing wrong in that". Therefore, that had to be done and this Post Script was added.

Sir, the Commission should have found out the offences to be investigated the offences which were supposed to be investigated for which purpose the Fairfax was sought to be appointed. The Commission has not found out the way in which the fact informers were appointed in India or abroad, if at all they have been appointed. That reply should come from them. Then, what has been done in previous cases, if there has been any previous case? The Commission has not come to any definite finding as to whether Fairfax was in fact engaged or not engaged. It only says that arrangement was made to utilise its services. At some point it says that its service will be utilised. Sir, its services will be utilised only when it gives its information. That is the definite stand of the Government of India and also the Commission in other places. But when in writing, in all this, it says 'Yes, the services were utilised'. If it was utilised, what information this man gave has not been disclosed to us. I do not know whether this has been disclosed to the Commission or

not. Therefore, a lot of mysteries is still being kept in this particular matter, a lot of things is still hidden from the House. I request and call upon the Government to make all these matters available to us and then arrange to have a proper discussion because the whole country is not convinced that this commission has found the truth. On the other hand, people are convinced that what it has produced is anything but truth. Thank you.

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI P. CHIDAMBARAM): Mr. Deputy Speaker, Sir, a wide ranging debate is on the report of Thakkar-Natarajan Commission of Enquiry. It has served to highlight one point that consistency is not the virtue of the Opposition.

SHRI AMAL DATTA: When it is not your monopoly.

SHRI P. CHIDAMBARAM: Sir, when the question was first raised in this House, in the early part of this year, we heard many eminent Members speak on a totally different voice and in a different tone. It was accusatory, inquisitorial and challenging the very credibility and integrity of this Government. Those were the days when Mr. Viswanath Pratap Singh was on this side of the House. Now that Mr. Viswanath Pratap Singh has crossed over to their side...

SHRI VIDYA CHARAN SHUKLA (Mahasamund): Not crossed over. Absolutely not crossed over.

SHRI P. CHIDAMBARAM: Crossed over to the side of the Opposition.

SHRI VIDYA CHARAN SHUKLA: That is a mis-statement, Sir. Once he is expelled, the Member does not cross over. He does not cross over after expulsion.

SHRI P. CHIDAMBARAM: Both the big and small fish of the Opposition have fallen into his net today.

SHRI AMAL DATTA: Why do you use that expression? (*Interruptions*).

SHRI VIDYA CHARAN SHUKLA: Mr. Deputy-Speaker, I want to rise on a point of correction. The Minister of State for Home Affairs must know parliamentary parlance. What is the meaning of crossing over in parliamentary parlance? It is not a question of anybody crossing over, and according to the present practice, present law and past practices you must be careful in choosing a term or word while you express your sentiments or whatever you wish to do.

(*Interruptions*)

SHRI P. CHIDAMBARAM: Sir, now that a lot of people have fallen into the net of Mr. V. P. Singh, today they find everything hunky dory in the Finance Ministry, but everything is wrong with the Thakkar-Natarajan Commission.

Sir, let me go back to the very beginning and try to narrate the sequence of events. Between March 1986 and February 1987 Shri Gurumurthy, a Chartered Accountant by profession and an investigative journalist by his own claim, wrote a series of articles, to be precise 25 in number, in the *Indian Express* exposing what he felt, and I have no quarrel with that view of any journalist, that there were serious irregularities by a particular group of companies. By his own admission, he visited the United States between the 18th of October 1986 and the 25th of October 1986.

SHRI S. JAIPAL REDDY: Who?

SHRI P. CHIDAMBARAM: If you listen to me, you will know. Who is he? The only noun I have mentioned is Mr. Gurumurthy. Remove your earphones, you will be all right.

(*Interruptions*)

SHRI S. JAIPAL REDDY: He is capable of confusion and confusing others.

SHRI P. CHIDAMBARAM: You cannot confuse me; nobody has succeeded in doing that and you won't do that. (*Interruptions*)

Mr. Gurumurthy visited New York between 18-10-1986 and 25-10-1986 and according to my information it was to enquire about certain reports on the solvency of the supplier of certain faesimile equipment to *Indian Express*. During this visit he also made inquiries regarding a non-resident Indian couple resident in New York and he also ascertained the names of some of the leading investigative agencies in the United States for his assistance and inquiries. We tried to find out how much money in foreign dollars, foreign currency, he had taken with him and according to my information, for this visit to the United States he drew 20 U.S. dollars at the time of departure at the airport. During this period Mr. Bhure Lal met Mr. Gurumurthy between July 1986 and November 1986. So, what is important is, Mr. Bhure Lal met Mr. Gurumurthy for nearly three months before Mr. Gurumurthy went to the United States and for nearly a month after Mr. Gurumurthy returned from the United States. It is interesting to know where he met him. He met him at Hotel Janpath, he met him at Hotel Taj. Then he met him, of all places, at Nehru Park, and finally he met him at the Sundar Nagar Guest House.

PROF. MADHU DANDAVATE: At Nehru Park people meet for love affairs!

SHRI P. CHIDAMBARAM: These are the places where an officer of the Government of India meets a self-styled investigative journalist. And in these meetings according to Mr. Bhure Lal, Mr. Gurumurthy was handing over papers relating to a group of companies to Mr. Bhure Lal and Mr. Bhure Lal was receiving those papers.

[Shri P. Chidambaram].

Presently, we will see what papers came into the possession of Mr. Gurumurthy and how they came into the possession. At the suggestion of Mr. Gurumurthy, Mr. Bhure Lal is invited to meet one Mr. Hershman's Mr. Hershman comes to India closely on the heels of Mr. Gurumurthy's return of India. He is put up in the Hotel Oberoi between 15th of November, 1986 and 18th of November, 1986. And I don't think, even the most ardent supporter of Mr. Nusli Wadia can deny today that Mr. Wadia was in the Hotel at the same time. What was not produced before the Commission, a bill which was suppressed before the Commission—if it is the same bill, I do not know, because I have not compared the documents—has found its way to the hands of Prof. Dandavate. I must say that he is more enterprising.

PROF. MADHU DANDAVATE: I say, this is a registration card, not a bill.

SHRI P. CHIDAMBARAM: He is more enterprising than the Thakkar-Natarajan Commission.

PROF. MADHU DANDAVATE: But don't appoint me on the Commission.

SHRI P. CHIDAMBARAM: What happened when Mr. Hershman was here, what happened in this period? There was a very interesting report in the *Statesman* dated 20th of March, 1987. This report refers to an interview with a spokesman of the *Indian Express*. I quote:

"However, the spokesman admitted that Mr. Gurumurthy was in touch with the Fairfax Group and during a visit to the United States, examined the possibility of engaging an agency for investigation into Reliance Group of Bombay. He also admitted that the then Director, Enforcement, Mr. Bhure Lal had been in touch with the agency after Mr. Gurumurthy found them too expensive to hire. The spokesman confirmed that a meeting of Messrs. Goenka Pande, Bhure Lal

and Gurumurthy and a representative of Fairfax had taken place in New Delhi to see whether the agency could be hired by the Government."

This report was filed by an organisation, known as *Insight*—I understand they have some type of arrangement with *Statesman*—and was published on the 20th of March, 1987. The very next day, a Special Correspondent of the *Statesman* denies the story and denies the meeting. When the Thakkar-Natarajan Commission asked who was the spokesman—Shri Goenka in his response dated 8th October, 1987 said, that the spokesman who had given the interview to the *Insight* reporter of the *Statesman* was Shri—Arun Shourie. On the 20th March 1987 Mr. Arun Shourie on the admission of Shri Goenka, had given an interview in which he is quoted as saying that there was a meeting. The spokesman confirmed that there was a meeting between Mr. Goenka, Mr. Pande, Mr. Bhure Lal, Mr. Gurumurthy and a representative of Fairfax. Now, that Prof. Dandavate has access to hotel registration cards, I crave leave of him to kindly inform the House whether he knows who this representative of Fairfax was. He may try to find out from Hotel Oberoi and the registration cards who this representative of Fairfax was. On the day of 20th March, Mr. Arun Shourie confirmed that there was a meeting of these five people. On the next day on 21st March, a Special Correspondent clarified that the meeting was wrong. "There was no such meeting. Whom are we to believe? We believe that there was a meeting. We are entitled to infer that there was a meeting. We are entitled to infer that that is when the conspiracy was hatched. Mr. Goenka was asked to give further information and he was asked "Why did you not deny?". His answer is "Innumerable reports appear in the press about me. If I keep responding, I shall be doing nothing else." Here is a specific statement, made by no less a person

than Mr. Arun Shourie who according to Mr. Goenka was a spokesman who confirmed to an "Insight" team that there was a meeting attended by Mr. Goenka, Mr. Bhure Lal, Mr. Pande, Mr. Gurumurthy and a representative of Fairfax. Yet, Member after Member has risen to say that there is no more honest officer than Mr. Bhure Lal and that there is no more honest officer than Mr. Pandey.

PROF. MADHU DANDAVATE: It is difficult for honest officers to function in the Finance Department.

SHRI P. CHIDAMBARAM: Why has Mr. Bhure Lal not admitted this meeting? Why has Mr. Pandey not admitted this meeting? Either you stand up and say with courage that Mr. Bhure Lal and Mr. Pandey attended this meeting and are suppressing this or you stand up and say with courage that Mr. Arun Shourie was framing them.

PROF. MADHU DANDAVATE: You enquire.

SHRI P. CHIDAMBARAM: Say that Mr. Arun Shourie is framing them. Say that Mr. Goenka is framing them. On the one hand, you cannot swear by Mr. Arun Shourie and on what *Statesman* writes and, on the other hand, you cannot swear by Mr. Bhure Lal and Mr. Pandey. One of them is not telling the truth. I would like you to find out who is not telling the truth.

PROF. MADHU DANDAVATE: You find out.

SHRI P. CHIDAMBARAM: One is not telling the truth. You tell us.

PROF. MADHU DANDAVATE: You find out.

SHRI P. CHIDAMBARAM: You tell us.

PROF. MADHU DANDAVATE: You have the entire Government. You have the Finance Minister.

SHRI BASUDEB ACHARIA: You are to find out.

SHRI P. CHIDAMBARAM: We believe and are entitled to infer that there was a conspiracy hatched in Delhi. When Mr. Hershman was here and very powerful people in the corporate sector, very powerful people in the media have joined together, may be for good reasons and good motives, but the fact remains that officers of the Government of India, without the knowledge of the Finance Minister, without the knowledge of the Prime Minister, without the knowledge of the Government, have sat down with such people and held meetings, clandestine meetings.

PROF. MADHU DANDAVATE: Enquiry about Mr. Bhure Lal's reputation in the Department.

SHRI P. CHIDAMBARAM: We are not talking about reputation. We are talking about conduct. We are talking about facts. We are talking about meetings. We are talking about who met whom, when and where.

On the 21st December, 1986 Mr. Gurumurthy's house in Madras was raided and certain documents were seized.

What was recovered through the search was a photo copy of an entire file consisting of 99 pages of the Office of the Chief Controller of Imports and Exports relating to an application of Reliance Textile Industries for an import licence of Rs. 40.84 crores.

A photo copy of UO dated 15-11-86 addressed to the Department of Chemicals and Petrochemicals by the Additional Industrial Adviser, DGTD relating to supplementary licensing application for the import of PTA including Annexures.

Proofs of four articles published in the Indian Express along with one Telex message relating to the article published in the Indian Express on 10-9-1986 bearing corrections in

[Shri P. Chidambaram].
the handwriting of Mr. Gurumurthy.

PROF. MADHU DANDAVATE (Rajapur): Sir, Mr. Jyotirmoy Bosu was in the possession of the Wanchoo Commission Report which he laid on the Table of the House.

(Interruptions)

SHRI P. CHIDAMBARAM: On the day when Mr. Gurumurthy's house was raided, Mr. Bhure Lal was in the United States—between 21st December, 1986 and 3rd Jan. 1987. It is difficult to believe that Mr. Bhure Lal did not know about this raid. It was raided on December 21, 1986. Mr. Bhure Lal was in the United States for 12 days. It is thereafter on the 7th January, 1987, he issued a letter of authorisation. We all now know the famous letter of authorisation and I don't have to refresh your memory. May I read that famous letter? It is an annexure before the Commission. It says: "To whomsoever it may concern. Directorate of Enforcement, Foreign Exchange Regulation Act, Government of India, Lok Nayak Bhavan, 6th Floor, Khan Market, New Delhi, are conducting an investigation against Reliance Industries, Bombay, India. Dr. Harris—please mark the words. It is not Mr. Hershman but Dr. Harris—a resident of 7369, MC WHORTER Place, Anandale, Virginia-22003, USA, Telephone No. so and so...and Mr. Gordon Andrew Mc Kay are assisting us in the investigation. They are authorised on our behalf to collect information. We shall be grateful if necessary cooperation is extended to them"... What is important is that the name of Fairfax does not occur anywhere in this letter. It is given to appear that they are two individuals who are assisting the Government of India and have been authorised to collect information. When Mr. Bhure Lal was asked: is there a precedent....

SHRI S. JAIPAL REDDY: Sir, he is quoting from a document which has not been made available to the House.

SHRI P. CHIDAMBARAM: It is there before the Commission.

SHRI S. JAIPAL REDDY: But the same has not been made available to the House.

SHRI P. CHIDAMBARAM: It was referred to by Mr. Brahma Dutt in the earlier debates.

(Interruptions)

SHRI S. JAIPAL REDDY: No, Mr. Minister....

SHRI AMAL DATTA: Has it been laid on the Table of the House?

(Interruptions)

SHRI S. JAIPAL REDDY: It has not been laid on the Table of the House.

(Interruptions)

SHRI P. CHIDAMBARAM: This document has been filed before the Commission.... (Interruptions) This is before the Commission.

SHRI S. JAIPAL REDDY: It was raised by Shri Amal Datta also. The documents which are part of the Annexures are not being laid on the Table of the House. Let the Minister explain. Under the Rule, he should not quote from the document which has not been made available to the House.

(Interruptions)

SHRI VIDYA CHARAN SHUKLA: Sir, any document which is quoted in the House, has to be laid on the Table of the House by the hon. Minister. He should not quote from it... (Interruptions) If he quotes from any document in the House, he must lay it on the Table of the House.

(Interruptions)

SHRI P. CHIDAMBARAM: I have no objection to lay it on the Table of the House. All I am pointing out is that the document is filed before the Commission.... (Interruptions)

I have no objection to the document being laid on the Table of the House. It will be laid...

(Interruptions)

SHRI AMAL DATTA: Will you make available that part of the report which is not available now—Part I-A...

(Interruptions)

MR. DEPUTY-SPEAKER: I want to make a reference. Two-days before, we discussed the matter regarding Shri Unnikrishnan's laying the document. At that time, the hon. Speaker had allowed that anyone can bring it...

(Interruptions)

MR. DEPUTY-SPEAKER: Therefore, now the Minister is quoting it as a right. If you want, he is ready to lay it on the Table of the House. That is what he is saying.

(Interruptions)

PROF. MADHU DANDEVATE: All we demand is that. Under the Speaker's Direction—Direction 118—I demanded whatever he has quoted should be laid on the Table of the House after authentication.

(Interruptions)

SHRI P. CHIDAMBARAM: You are raising a non-issue. I say that if the Speaker wants it, I am willing to lay it on the Table of the House... (Interruptions) Only, if there is a direction. I will lay it.

SHRI BASUDEB ACHARIA: Will you lay on the Table of the House all the volumes of the Report?

(Interruptions)

SHRI VIDYA CHARAN SHUKLA: Sir, there is no question of wanting. He should lay it on the Table of the House.

(Interruptions)

PROF. MADHU DANDEVATE: I have asked it to be laid under Direction 118.

SHRI P. CHIDAMBARAM: Sir, you may please look into it.

MR. DEPUTY-SPEAKER: Order please. Rule 368 says:

"If a Minister quote in the House a despatch or other State paper which has not been presented to the House, he shall lay the relevant paper on the Table, provided..."

"Provided that this rule shall not..."

SHRI P. CHIDAMBARAM: I am not taking recourse to the proviso at all. I am willing to lay it. What are they arguing about it? I am willing to lay it...

SHRI BASUDEB ACHARIA: Do it now.

SHRI P. CHIDAMBARAM: If I lay it now, I cannot quote from it again. Let me have it now. I will lay it later.

SHRI BASUDEB ACHARIA: Quote it fully.

SHRI P. CHIDAMBARAM: You are arguing on a non-issue.

PROF. MADHU DANDEVATE: For him, procedure is a non-issue!

SHRI P. CHIDAMBARAM: You are raising a non-issue. I have agreed to lay it, but you are raising it again and again. I am willing to lay on the Table. (Interruptions)

SHRI BASUDEB ACHARIA: 1-A, 1-B, Vol. II....

SHRI S. JAIPAL REDDY: What about the remaining three volumes?

PROF. MADHU DANDEVATE: Kindly quote from the other Volumes also so that we can demand their being laid on the Table...

SHRI P. CHIDAMBARAM: Don't worry. If I need to, I will quote.

The letter of authorisation was issued on 7th January, 1987. It was very carefully drafted. It does not refer to Fairfax by name. It says, people have been engaged and they are assisting the Government of India in the investigation and they are authorised to collect the information. Mr. Bhure Lal was asked as to what was the status of Fairfax and he said, for the purpose of payment, the status of Fairfax was an informer. You will kindly see page 132 where the Commission says:

“Shri Bhure Lal in his statement has stated that for the purposes of payment, Shri Hershman was treated as informer.”

What is important is what he said in his Tour Report. In his Tour Report...

SHRI S. JAIPAL REDDY: Where is the Tour Report?

SHRI P. CHIDAMBARAM: Only if I quote from it, can you ask. If I do not, quote, you cannot ask for it...

SHRI VIDYA CHARAN SHUKLA: Sir, on a point of order. First of all the officers serving under the Government of India, when they are not present here to defend themselves, cannot be attacked in this mannered (Interruptions).

MR. DEPUTY-SPEAKER: Order, please. Let him raise his point of order.

SHRI VIDYA CHARAN SHUKLA: Secondly, Mr. V. P. Singh has made a clear statement that he assumes the entire responsibility for whatever action Mr. Vinod Pandey and Mr. Bhure Lal have taken. Then, why are they taking the names of the honest officers, the good officers, who have enjoyed a good reputation all the time? They are unnecessarily dragging their names here. I think, it would be in the fitness of things if the Minister restricts his reference only to the former Minister, Shri V. P. Singh.

When he has said that he assumes all the responsibility for all the action taken by the officers who were working under his direction and under his control, it is not only absolutely irregular but it is the height of impropriety for the Minister to attack these officers on the floor of the House. They are not here to defend themselves.

SHRI P. CHIDAMBARAM: Who is attacking any officer? I was reading from the record.

MR. DEPUTY-SPEAKER: The former Minister might have taken the responsibility. But the names are in the record. If any allegation is made, that can be expunged. But it is not an allegation... (Interruptions)

SHRI S. JAIPAL REDDY: I am on a point of order. My point is this. If allegations were made or adverse inferences were drawn by the Thakkar-Natarajan Commission, the Commission would have been obliged to issue notices under 8(b) and (c). The very fact that such notices were not issued makes it very clear that the Commission itself was of the view that they were not making any allegations whatsoever. Therefore, when there are no allegations made by them, what are they discussing by referring to those people?

(Interruptions)

MR. DEPUTY-SPEAKER: There is no point of order. Mr. Chidambaram, please carry on.

PROF. MADHU DANAVATE: He will protect the Minister and hang the officers. That is his neo-radicalism.

SHRI P. CHIDAMBARAM: On 7th January, 1987, Mr. Bhure Lal issued the letter of authorisation to whomsoever it may concern, and he came back to India. One month afterwards, he wrote what is now very well known as his 'Tour Report'. On the Sixth of February, 1987, he wrote

his tour report, a very interesting report. It is also referred to in the Report of the Commission. In the first four paragraphs, there is no reference to Fairfax. Fairfax is referred to in connection with Du Pont. And he says, "I went to Delaware on 23rd December, 1986 and contacted Mr. F. D. Oyer, Director, Du Pont and Mr. Geofray Campbell Legal Adviser, Du Pont. I was assisted by Fairfax Group Limited." Sir, when was an 'Informer' taken by an officer of Government to investigate or collect information from somebody? An Informer is supposed to be a shadowy character who lurks in shadows, gives information in secret, collects his reward clandestinely and fades away into darkness. Who was this so-called Informer who goes along with an officer of the Government of India? And the word 'Informer' does not occur in the tour report. He says, "I was assisted by Fairfax Group Limited." He concludes his tour report by saying, "I have been promised cooperation by so and so. I am in touch with him. To accomplish this job effectively, I have engaged the services of Fairfax Group Limited. If the Government feels otherwise in this regard, I may please be advised accordingly." Sir, mark the last sentence, "If the Government feels otherwise, I may please be advised accordingly." This was written on 6th of February, 1987. And today, Mr. V. P. Singh, Mr. Pande and Mr. Bhure Lal trot out a story. They think that the nation is gullible to believe that story that oral clearance was given in September-October, 1986. If oral clearance had been given in September-October 1986, if Mr. V. P. Singh had given a clearance to Mr. Pande and if Mr. Pande had given clearance to Mr. Bhure Lal and Bhure Lal went with that clearance to engage an agency, where is the question of his asking, "If the Government feels otherwise, I may please be advised accordingly."

(Interruptions)

SHRI S. JAIPAL REDDY: Finance

Ministers have changed hands in the meanwhile.

SHRI P. CHIDAMBARAM: Finance Ministers have changed hands. But he could have recorded there that, "I went with the clearance of Mr. V. P. Singh". Where is the question of saying at this stage, "If the Government feels otherwise". This is the story of oral clearance. It is an *ex-post facto* story; it is an afterthought it is an invention.

(Interruptions)

PROF. MADHU DANDAVATE: In this House, Finance Minister had said "I take the responsibility."

(Interruptions)

SHRI S. JAIPAL REDDY: I have a point of order. The oral clearance supposed to have been given by Mr. V. P. Singh was never questioned by the Commission. The Minister is...

(Interruptions)

SHRI S. JAIPAL REDDY: You have a brief of the Commission. I will rely upon that.

(Interruptions)

SHRI BASUDEB ACHARIA: Please read out.

SHRI P. CHIDAMBARAM: Sir, I know the time was very short for many of the opposition members to read this 300 page Report. Let us go into the oral clearance first. What did Mr. Bhure Lal say about the oral clearance? Kindly see page 131.

SHRI BASUDEB ACHARIA: What is there?

SHRI P. CHIDAMBARAM: You should attend religious discourses because every minute you say 'han' 'han'.

[Interruptions]

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P. R. DAS MUNSI): Why are you holding the baby now?

(Interruptions)

SHRI K. K. TEWARY: That is the destiny.

SHRI P. CHIDAMBARAM: Kindly see the story about oral clearance. Mr. Bhure Lal's version is...

SHRI BASUDEB ACHARIA: In which page?... (*Interruptions*)...

SHRI P. CHIDAMBARAM: I know, what can I do? I cannot but be amused when he asks such questions.

PROF. MADHU DANDAVATE: Is it defamatory?

SHRI P. CHIDAMBARAM: No, I told him the page number twice. Kindly see Page No. 131, in the middle of the Page:

"Later on he met Shri Gurumurthy in Nehru Park. Another meeting took place in the Guest House of the Indian Express Group at Sunder Nagar. He had not met Shri Gurumurthy in his own office for reasons of secrecy. It was in the course of the meetings that he had requested Shri Gurumurthy to explore the possibility of finding a person who would render assistance in the investigation abroad. Shri Bhure Lal told him that he wanted the assistance of some one in the USA in the investigations and Shri Gurumurthy had promised to be on the lookout when he went to the USA himself. Later on Shri Gurumurthy telephoned him to say that Dr. Harris, alias Mr. Hershman, ... was available in Delhi and he could meet him. Thereupon Shri Bhure Lal requested Shri Gurumurthy to arrange a meeting with Mr. Hershman".

If you will skip some lines and see the last four lines:

"No written minutes of the talks were maintained and no written agreement was signed. Nor had Shri Bhure Lal informed his superior viz the Revenue Secretary about the meeting that had taken place. In December, 1986 (21st December 1986) he went to the USA. When he sought permission to go to USA he did mention that he proposed to go to U S A in connection with the investigation relating to Reliance. On reaching USA he contacted Mr. Hershman who was called to his Hotel. He stayed in the

USA for 12 days... It was then that Mr. Hershman had agreed to work on the basis of the reward...

We will skip all that and then come to Page No. 139... (*Interruptions*)... Page No. 131 is the background. Now come to Page No. 138 bottom:

"The version of Shri Bhure Lal is that when he sought permission to go abroad, he did mention that he was going to USA in connection with the enquiry into the matters pertaining to Reliance. He however stated that he had orally informed the Revenue Secretary Shri Pande that he was going to USA for making enquiries about Reliance but he had not informed Shri Pande that he proposed to make enquiries about other parties. Though he had returned on January 3, 1987 he had orally told Shri Pande on January 10, 1987 that he had made such an arrangement with Mr. Hershman..... He later on clarified that he had not given the name of Fairfax when he had a talk with Shri Pande on January 10, 1987. It was only on 6-2-1987 he sent the tour note, after nearly a month. The tour report is the first paper on the Fairfax file. Admittedly Shri Bhure Lal had not informed Shri Pande when he proposed to utilise the services of Fairfax. According to him in about September, 1986, Mr. Pande had given him verbal clearance about seeking assistance from foreign agencies but he had not mentioned to Shri Pande about the talk he had with Shri Hershman...."

September, 86—before he met Mr. Hershman—he had got verbal clearance about seeking assistance of foreign agencies; but before he left for the United States and after he came back from the United States he did not report to Mr. Pande about engaging Fairfax until he wrote the tour report one month later. What does Mr. Pande have to say on this? Kindly see Page Nos. 147 and 148.

PROF. MADHU DANDAVATE: Is it the same report on which Mr. Brahma Dutt made his notings?

SHRI P. CHIDAMBARAM: Kindly see Page 147.

SHRI AMAL DATTA: We have all read the Report.

SHRI P. CHIDAMBARAM: If you had, you would not have asked me all this.

PROF. MADHU DANDAVATE: I think even the Commission might not have read the Report so many times!

SHRI P. CHIDAMBARAM: "According to him Shri V. P. Singh had given him oral clearance to utilise the services of a foreign investigative agency whenever it became necessary to obtain definite evidence provided that payment was to be made only on receipt of such evidence...."

"...The clearance related to the investigation against Reliance."

Please note that clearance given by Mr. V. P. Singh related to the investigation against Reliance. This is borne out by Mr. Pande's note. Mr. Pande in his note dated 9th March, 1987 says: He obtained oral clearance of Mr. V. P. Singh for investigation against Reliance. Now let us go back to Mr. V. P. Singh. Mr. Bhure Lal says he got it from Mr. Pande in September but not before he went and not after he came back. Mr. Pande says he got oral clearance of Mr. V. P. Singh in relation to the investigation of Reliance. Now let us see what Mr. V. P. Singh says. Kindly see page 166:

"The Revenue Secretary had raised the issue in the context of investigation against Reliance industries. However, he (Mr. V. P. Singh) had given clearance for utilisation of the services of a foreign agency in regard to FERA violators and economic offenders in general."

Mr. V. P. Singh says that he did not give clearance with reference to Reliance but he gave clearance with regard to FERA violators and economic offenders in general. Mr. Pande understands that as meaning you can engage a foreign investigative agency for investigating Reliance.

PROF. MADHU DANDAVATE: FERA violators do not include Reliance!

SHRI P. CHIDAMBARAM: The point is that Mr. Pande understands it as only against Reliance. Mr. Singh says it is against the whole world — against every FERA violator and every economic offender. Mr. Pande understands it as only against Reliance. And when he speaks to Mr. Bhure Lal—we do not know whether Mr. Bhure Lal spoke to Mr. Pande first or Mr. Pande spoke to Mr. V. P. Singh because everybody is very careful. Even in March 1987 nobody will say when this oral clearance was given. Nobody will give a date. (*Interruptions*)

SHRI S. JAIPAL REDDY: September/October.

SHRI P. CHIDAMBARAM: September/October according to Mr. Pande. (*Interruptions*) The point is when did you give the clearance? Who gave the clearance and what was the clearance given? Mr. V. P. Singh gave clearance between the monsoon session and winter session against all FERA violators. Mr. Pande understood it, without referring to a date, against Reliance. Mr. Bhure Lal got it in September 1986 long before he had completed his discussion with Mr. Gurumurthy but Mr. Bhure Lal and Mr. Pande did not discuss engagement of a foreign investigative agency before Mr. Bhure Lal went to America and after he came back from America.

Sir, this story of an oral clearance is an after-thought. The story of an oral clearance is an invention. The story of an oral clearance is to cover up...

SHRI S. JAIPAL REDDY: Sir, I rise on a point of order. Where does the Commission report says that oral clearance is a story and an invention? (*Interruptions*) Government had appointed the Commission. So Mr. Chidambaram has a story of his own.

PROF. MADHU DANDAVATE: He is casting aspersions on the officers who cannot defend themselves here.

(*Interruptions*)

SHRI S. JAIPAL REDDY: I knew that you were an advocate but I never

[Shri S. Jaipal Reddy]

knew that you are a bad advocate in addition to being a bad Minister.

PROF. K. K. TEWARY: Sir, if some information is to be supplemented in order to explain the findings of the Commission that Government can always supply to the House and the hon. Members should not object to it because necessary information can always be supplied by the Government. Why should Government hide anything from the House? It is not V. P. Singh's style.

SHRI S. JAIPAL REDDY: 'He is speaking on behalf of the Government. Therefore, the Minister has to base every inference of his on the Commission's report.

(Interruptions)

SHRI P. CHIDAMBARAM: Why everybody is getting excited? Kindly refer to page 271. I am entitled to read the report in the manner it appeals to my mind as well as you are entitled to read the report in the manner it appeals to your mind... (Interruptions)... Wait a minute, Mr. Jaipal Reddy.

PROF. MADHU DANDAWATE: He is reading between the lines.

SHRI P. CHIDAMBARAM: The words "oral clearance" are put in inverted commas. It was in the wake of this "oral clearance" given by Shri V. P. Singh to Shri Pande and by Shri Pande, in his turn, to Shri Bhure Lal that the understanding with Shri Hershman was arrived at. The reasoning appeals to be less than convincing.

The Commission has doubted "oral clearance". The Commission has put the words "oral clearance" in inverted commas and says the reasoning given by the three people is less than convincing. Therefore, the Commission has doubted the oral clearance. I am entitled to add to the doubt and say this Commission does not believe the oral clearance. These are the words here... (Interruptions)...

SHRI VIDYA CHARAN SHUKLA: It is only a conjecture.

SHRI BASUDEB ACHARIA: That's a misprint... a conjecture...

(Interruptions)

SHRI P. CHIDAMBARAM: What is the meaning of inverted commas? Professor, explain to us.

PROF. MADHU DANDAVATE: Inverted commas mean inverted arguments. Inverted commas appear to be unconvincing.

SHRI P. CHIDAMBARAM: No, he puts oral clearance in inverted commas and then says: "The reasoning appears to be less than convincing." What does that mean? That means the Commission is not convinced about the theory about the clearance from Mr. V. P. Singh to Mr. Pande and Mr. Pande to Mr. Bhure Lal... (Interruptions)... You can read it in your way. In March, you read it differently. In December, you read it differently.

SHRI AMAL DATTA: What is the point you have established?

SHRI P. CHIDAMBARAM: The point I have established is that there is no oral clearance.

[Translation]

SHRI RAM DHAN (Lalganj): After returning from Harvard, you will understand it differently.

[English]

SHRI P. CHIDAMBARAM: Don't become a one-issue Member, Mr. Ram Dhan. I can quote from the file where the then Finance Minister Mr. V. P. Singh, has put his approval on many of the things which we are talking about.

[Translation]

SHRI RAM DHAN: If you have courage, do quote it and take action.

[English]

SHRI P. CHIDAMBARAM: Sir, on the 17th of February 1987, then

Minister of State in the Finance Minister Mr. Brahma Dutt, raised some questions. Very simple question: Who gave you the authority? Was there a precedence for this? Has this been done before? Is there a record?

It takes 20 days for Mr. Bhure Lal to answer those queries. The queries are answered on 9th March 1987.

SHRI AMAL DATTA: Can you answer them now?

SHRI P. CHIDAMBARAM: He has answered them after 20 days: I did not engage anyone in America to answer that.

PROF. MADHU DANAVATE: You are likely to distort his version...

SHRI P. CHIDAMBARAM: He took 20 days to answer simple queries and on his own, in the first week of March, he called upon Mr. V. P. Singh. To quote him: "to ascertain his reactions to the budget which had been presented".

After he calls upon Mr. V. P. Singh, he records a note on 9th of March, 1987 giving his clarifications to the queries raised by the Minister. And then the file wends its way to the Defence Ministry so that Mr. V. P. Singh can record his now famous note on the 11th March, 1987.

A lot of things happened in this country during that time. I do not have to remind the Hon'ble Members about the things which happened in this country on the 9th of March and the 11th March and that week.

SHRI AMAL DATTA: Why don't you remind us in your own way?

SHRI P. CHIDAMBARAM: I will remind you. Sir, a very high constitutional authority wrote a confidential letter, a document which is ordinarily—everybody will agree—a top secret document. And the confidentiality of the document should have

been maintained. That letter, according to the admission made by a very senior editor of a paper then, was a letter which was drafted by many eminent persons including a very senior editor of a newspaper. The letter was sent, if I remember right, on the 9th March. It was published in a newspaper on the 13th March, 1987. If you care to ask Shri V. P. Singh what he did in the Defence Ministry, he will tell you about some other notings he made at about the same time in the Defence Ministry... (Interruptions). I will tell you what I think. I should tell you now.

The week between the 9th and 13th March, 1987 is a crucial week in which a clear attempt to destabilize the constitutionally elected Government of this country.. (Interruptions) Do not run away from the facts.

On the one hand, a constitutional crisis was sought to be created, on the other, a Minister who had no authority to call for a file had called for a file and recorded what in retrospect, we are entitled to comment upon as an after-thought, and a cover-up of what happened in the last two months.

Simultaneously, in the Defence Ministry, certain notings were made by the same person which came to light later in the first and second week of April. This is the crux of the issue before us. The crux of the issue before us is—are there no hands, are there no people, are there no forces and to quote Shri Somnath Chatterjee, are there no agencies which are interested in destabilizing this country?

SHRI S. JAIPAL REDDY: Forces from Harvard University!.. (Interruptions).

SHRI P. CHIDAMBARAM: You have said that a hundred thousand times. If I can ungraduate, I would rather ungraduate today, but I cannot ungraduate; I can only send you to graduate from there now. If you want to go there now, I will send you

[Shri P. Chidambaram]

and make you a graduate. I cannot ungraduate anymore; I can send you to graduate in the same place... (*Interruptions*)

What is important is that on the 11th March, 1987, according to Shri V. P. Singh's response to the questionnaire, he had no idea, no information what was going on. He had merely recorded a note, but for the first time, he came to know what is going on about Fairfax, about names etc., when he read newspaper reports based upon a bail application filed by Shri Gurusurthy and the 'Statesman' had reported it on the 20th March, 1987. Kindly ask yourself a question: When did Shri V. P. Singh come to know and the answer is on page 166 of the report... (*Interruptions*)

SHRI AMAL DATTA: The House has not been extended beyond 9 p.m.

MR. DEPUTY-SPEAKER: I think, we have already extended the time of the House till this discussion was finished... (*Interruptions*)

SHRI S. JAIPAL REDDY: Let Shri Chidambaram throw some light on the forged letters?... (*Interruptions*)

SHRI P. CHIDAMBARAM: If you make a statement, I will answer it... (*Interruptions*) If Prof. Madhu Dandavate will make a charge that an agency of the Government of India forged these letters, I will answer it... (*Interruptions*).

PROF. MADHU DANDAVATE: There is an apprehension in the minds of the people... (*Interruptions*).

SHRI P. CHIDAMBARAM: I am not going by hunches. If you take the responsibility and say that an agency of the Government of India... (*Interruptions*). If Prof. Madhu ...

MR. DEPUTY-SPEAKER: No interruptions please. Let him say what-

ever he wants to say; then, I will come to you.

PROF. MADHU DANDAVATE: You should have taken note of a number of news items that have appeared in the press... (*Interruptions*)

SHRI P. CHIDAMBARAM: You charge this, and I will answer... (*Interruptions*)

PROF. MADHU DANDAVATE: Where is the question for that?

SHRI P. CHIDAMBARAM: You make a charge and I will answer that.

(*Interruptions*)

SHRI S. JAIPAL REDDY: My point of order is that the Minister of State for Home said in course of the interruption when Prof. Dandavate was speaking that he would be referring to the question of forged letters when his turn for speaking comes.

(*Interruptions*)

SHRI P. CHIDAMBARAM: No.

(*Interruptions*)

PROF. MADHU DANDAVATE: I say there is a doubt because the news has repeatedly come in the newspapers. Then where is the question of charge?

(*Interruptions*)

PROF. MADHU DANDAVATE: I am not a prosecutor. Why should I make the charge? I want him to clarify it. Repeatedly the news has appeared.

SHRI P. CHIDAMBARAM: You frame a charge, then I will answer. Otherwise, I will not answer.

(*Interruptions*)

SHRI S. JAIPAL REDDY: What have you got to say to the allegation levelled by Mr. Gurusurthy about the letter? What have you got to say regarding the allegation levelled by the CBI and Mr. Hershman himself? What has Government got to say?

The Minister knows it and he is deliberately withholding it from the House. This is my charge.

My charge is that the Minister knows the fact. He is deliberately withholding it from the House. Let this charge go on record.

SHRI V. SOBHANADREESWARA RAO: He is keeping it for himself.

SHRI P. CHIDAMBARAM: If there is a charge that an agency of the Government of India has produced some letters—allegedly forged—in the Court is made, then I will answer.

(Interruptions)

MR. DEPUTY SPEAKER: I am not allowing anybody.

SHRI S. JAIPAL REDDY: Here is the clever Minister trying to mislead the House.

PROF. MADHU DANDAVATE: Photostat copies of the letter appeared...

(Interruptions)

SHRI P. CHIDAMBARAM: I will answer that.

PROF. K. K. TEWARY: Every Press Report has not to be replied. If you have authenticated statement, why can't you make a charge straightaway here in this House? The Minister is challenging you. All right, make a charge.

SHRI S. JAIPAL REDDY: Why don't you have a moral courage to clarify this issue?

(Interruptions)

SHRI P. CHIDAMBARAM: There is no point in shouting.

(Interruptions)

PROF. MADHU DANDAVATE: Anyway, there is some skeleton in the cupboard.

SHRI P. CHIDAMBARAM: There are no skeletons. You tell us that there are skeletons; you charge us then I will answer. *(Interruptions)*

You said it first and when I challenged you, you withdrew it. You said it was a hunch.

PROF. MADHU DANDAVATE: The newspapers have carried number of times that Mr. Gurumurthy had made a statement.

SHRI P. CHIDAMBARAM: Mr. Gurumurthy's statement in the Court has been answered in the court. Mr. Nusli Wadia's statement in the Commission has been answered in the Commission. If Prof. Dandavate wishes to make a charge on the floor of the House that air agency of the Government of India has used or produced any letters which are forged, I am ready and willing to answer the charges.

PROF. MADHU DANDAVATE: I am only saying that it has appeared in the Press...

(Interruptions)

SHRI P. CHIDAMBARAM: Why should I answer the Press Report? I am not going to be diverted. I want to continue with what I was saying. Sir, according to Mr. V. P. Singh...

(Interruptions)

PROF. MADHU DANDAVATE: If you do not want to clarify it, then go to 'Hell'.

(Interruptions)

SHRI P. CHIDAMBARAM: Come with me. Show me the way.

(Interruptions)

PROF. MADHU DANDAVATE: 'Hell' is not defamatory...

SHRI P. CHIDAMBARAM: 'Hell' is very much parliamentary. 'Heaven' is derogatory. Sir, according to Shri V. P. Singh, he came to know about the engagement of Fairfax only after he was shifted from the Finance Min-

[Shri P. Chidambaram]

istry, from the Press Reports pertaining to the two letters alleged to be addressed by M/s. Fairfax Group Co., that is when he came to know about the engagement of Fairfax from the Press Reports.

AN HON. MEMBER: Who?

SHRI P. CHIDAMBARAM: Shri V. P. Singh.

The first Press Report appeared on the 20th of March, 1987 in *The Statesman* where a letter—allegedly a letter—allegedly in the possession of an agency allegedly forged, was reprinted in *The Statesman*. So he comes to know about it on the 20th of March, 1987. May I ask, Sir, if he came to know of that on the 20th of March, 1987. May I ask, Sir, if he came to 11th of March, 1987 that he had given an oral clearance to the engagement of an agency? If the file had gone to him and if he had gone through the whole file and recorded the note on the 11th March, 1987, he should have known it on the 11th of March, 1987 that an agency had been engaged on the 7th of January, 1987. There was the tour report of the 6th February, 1987 and questions had been raised on the 17th of February, 1987. Where is the consistency; where is the logic? Did he read the file, or did he not read the file? (*Interruptions*) Let me ask the question, Sir: Did he read the file, or did he not read the file?

PROF. MADHU DANDAVATE: Wonderful logic; you deserve to be a Cabinet Minister.

SHRI P. CHIDAMBARAM: He notes on the 11th March, 1987, ratifying everything; and he says in answer to the Commission that he came to know about it only from Press reports; and the Press report is dated 20th March, 1987.

SHRI BASUDEB ACHARIA rose—

SHRI P. CHIDAMBARAM: I am not yielding. No. Sir, look at the inconsistency... (*Interruptions*)

SHRI S. JAIPAL REDDY: You are deliberately confusing.

SHRI P. CHIDAMBARAM: Look at the inconsistency. I am not confusing. If you follow logic, if you follow argument, you will know what I am saying.

SHRI BASUDEB ACHARIA: With Oral clearance and actual engagement... (*Interruptions*)

SHRI P. CHIDAMBARAM: I am not yielding. Did he see the file or not, on the 11th March, 1987? If he saw the file, he knew it on the 11th March. He goes and tells the Commission that the first time he came to know about it was when he saw it in the Press reports on the 20th March, 1987.

SHRI BASUDEB ACHARIA: How can he know?

SHRI P. CHIDAMBARAM: The file was before him. (*Interruptions*)

SHRI S. JAIPAL REDDY: Will you lay the file on the Table?

SHRI BASUDEB ACHARIA: You lay the whole file on the Table.

SHRI AMAL DATTA: According to Mr. V. P. Singh, on the 11th March, the file was sent to the Prime Minister's Secretariat.

SHRI P. CHIDAMBARAM: On the 11th March, the file was recalled by the Prime Minister's Secretariat. According to Mr. V. P. Singh's statement which was circulated to every hon. Member of Parliament and which contains his answers, he says that the file was recalled on the 11th March; and he had the file on the 11th March.

(Interrtuions) The file had no business to go outside the Finance Ministry without the permission of the Finance Minister. That is the rule of business.

PROF. MADHU DANDAVATE: Don't rely on the Minister; he will create complications.

SHRI P. CHIDAMBARAM: There are no complications, Prof. Dandavate. That may be the way you run the Janata Govtrnment. That may be the way they ran the kingdom in March. That is not the way the Government of India should be run. (Interruptions) The Prime Minister was the Finance Minister. Maybe that is the way Mr. Singh would have run his little principality in Manda. That is not the way the Government of India should be run.

[Translation]

SHRI RAM DHAN: The rest is being done by you. You have been charged that you are getting the Indian Army and Tamils in Sri Lanka killed. You will not understand it that you have destroyed the country. Even then you will not understand it.

[English]

(Interruptions)

MR. DEPUTY SPEAKER: Order, please.

SHRI P. CHIDAMBARAM: If I am not interrupted, I wil complete quickly. (Interruptions)

SHRI AMAL DATTA: Does the Government require all the hon. Members to be graduates from Harvard? (Interruptions)

SHRI P. CHIDAMBARAM: I have not said it. *Ad nauseam* you are saying this, Mr. Amal Datta. You have said it a million times. What does it prove? It proves nothing. Are you not ashamed that you have said it a million times? What are you trying to prove? People have gone to every university in the world.

SHRI BASUDEB ACHARIA: You are bringing in extraneous matters.

SHRI P. CHIDAMBARAM: No; you must follow logic and argument. That is the way Government of India should be run.

PROF. K. K. TEWARY: Mr. Barrister, wherefrom did you get your bar-at-law; from the Calcutta University?

MR. DEPUTY SPEAKER: Let the Minister complete it; why are you shouting? (Interruptions)

PROF. MADHU DANDAVATE: He is so inconsistent that he should be laid on the Table.

SHRI P. CHIDAMBARAM: Kindly see the bail application filed by Mr. Gurumurthy and which is extracted at page 105 of the report. Why was Fairfax engaged; who engaged Fairfax and under whose orders was Fairfax engaged? You see the bail application.

SHI BASUDEB ACHARIA rose.

SHRI P. CHIDAMBARAM: I am not asking for any certificate from you. Kindly read it. It says, at page 105;

“ . . . the petitioner seriously thought of utilising the services of a very competent detective agency properly equipped to carry on this investigation. Some public spirited friends, and acquaintances of the petitioner with interest in the usefull work which the petitioner was doing could have been in a position to bear the cost of employing such an investigating agency. However no such need arose under the circumstances hereinafter mentioned. Through one of the most prominent firms of lawyers in the United States the petitioner discovered that one of the ablest detective agencies was Fairfax group. The

[Shri P. Chidambaram]

petitioner however had no occasion during that visit either to utilise their services or even to contact them..”

“ . . . That therefore in India the petitioner was contacted by the Directorate of Enforcement. The petitioner was told that an investigation was being conducted substantially into the allegations that the petitioner has made during the course of his articles against Reliance Industries Ltd. The petitioner confirmed the truth of everything that he was stated in his articles and also conveyed to the Directorate that he was busy collecting more information and for that purpose he had visited the United States earlier. The petitioner also explained that he was thinking of meeting the detective agency and even conveyed the name of the detective agency to the Directorate. Since the Government authorities had themselves embarked upon the investigation of the petitioner's allegations the petitioner did not consider it necessary himself to carry on this investigation. It was obvious to the petitioner that the Government with its superior resources can do much better if they were honestly wanting to investigate the case. The petitioner says that the Directorate of Enforcement have employed Fairfax Group for the purpose of carrying on their investigation. The petitioner does not know the terms of the employment or the remuneration paid or the results achieved but the fact of employment is perfectly well-known to the petitioner and the petitioner is in a position to prove it.”

What does this show? This shows that the Finance Minister of India presiding over the Finance Ministry does not know about engagement, does not know about the terms of the engagement, does not know about the purpose of the engagement, does not know the agency or the person which is engaged but a totally third person, an outsider, who has no connection with the Government, not only does he assert that he knows about the engagement, that he was instrumental to bring about an engagement he is willing to prove that if he is challenged about the engagement. Who was running the Finance Ministry? Was Mr. V. P. Singh running or Mr. Gurumurthy running the Finance Ministry? That is the issue. (Interruptions).

PROF. MADHU DANDAVATE:
All your Ministries are only being run by the Prime Minister. (Interruptions).

SHRI P. CHIDAMBARAM: Did any one verify the antecedents of the Fairfax? Kindly see page 140 of this Report—Mr. Bhure Lal's statement. (Interruptions) He is an officer of the Government of India. On page 140, he says as follows:

“Shri Bhure Lal did not enquire from the Indian Ambassador with regard to the antecedents of Fairfax people. It is clearly stated by Shri Bhure Lal that he did not verify the antecedents of Dr. Harris from a third party that is to say from anyone else other than Shri Gurumurthy. The reason given by Shri Bhure Lal for not enquiring from the Indian Ambassador was that he had gone to USA for undertaking enquiries and for reasons of security he did not inform the Ambassador about it. . . .”

(Interruptions) Ambassador is no good. Ambassador is a security risk. Mr. Gurumurthy is not a security risk. He cannot ask the Ambassador about the antecedents of Fairfax, but he will ask nobody except Mr. Gurumurthy about the antecedents of the Fairfax. On page 140, he further states as follows:

"He also stated that it was his experience that whenever he enquired from Ambassadors, the parties came to know about it and that is why he did not inform the Ambassador about Fairfax."

In one stroke of the pen, he has tarnished the image of all the Ambassadors to the Government of India, any Ambassador anywhere. If he had made an enquiry, it would have come to be known by the party. Has he produced one piece of evidence in support of the statement? (Interruptions) Here is a person who has totally sold the interest of the Government of India, the judgement of the Government of India, the resources of the Government of India to a third party. He will not trust his Ambassador, he will not trust his Minister, he will not trust his Government, he will not trust his Prime Minister, but he will trust a totally third person who is carrying on an investigation for his own purpose and who found in Mr. Bhure Lal a willing collaborator who could be used to get Government money to support an investigation, which Mr. Gurumurthy wanted to do. He may have a laudable motive, but the point is: is this the way in which Government's money must be placed at the disposal of a third party in order to advance an interest of somebody else? (Interruptions) Let me conclude. (Interruptions)

The House may remember that the notification constituting the Commission was published on the 6th April, 1987, when Mr. V. P. Singh was a member of the Council of Ministers, a member of the Cabinet and a Member of the CCPA. He was a party to the decision which drew up the terms of reference and we on this side categorically state that the terms of reference were by and large drawn up by Mr. V. P. Singh and when the terms of reference were finalised by the Government, Mr. V. P. Singh subscribed to the terms of reference. It may suit his convenience, it may suit the convenience of some Opposition members today to say that these were not the terms of reference but some other terms of reference should have been referred.

AN HON. MEMBER: It cannot be so.

SHRI P. CHIDAMBARAM. The fact remains that on the 6th of April, Mr. V. P. Singh was a party to the decision, he was an active draftsman of the terms of reference, he subscribed to this decision and the decision was notified in the Gazette.

Mr. V. P. Singh complains today, that he was not given notice under Section 8B. Sir, look at his own statement which he has circulated to hon. Members of Parliament:

'After reply to the questionnaire I thought that the Commission was satisfied with the answers. If it were not, it would put further question or give me a notice under Section 8B.'

Mr. V. P. Singh admits that if the Commission was satisfied about his

[Shri P. Chidambaram.]

answers and I will come to his answers in a moment, there was no need for giving any further notice under Section 8B. This is Mr. V. P. Singh's statement. (*Interruptions*)

You cannot argue a case which Mr. V. P. Singh has not argued.

SHRI V. SOBHANADREESWARA RAO: You heard him in the Rajya Sabha.

SHRI P. CHIDAMBARAM: I was there in the Rajya Sabha when he spoke.

"After replying to the questionnaire, I thought that the Commission was satisfied with my answers; if it were not satisfied, it would put further question to me or give me a notice under Section 8B."

Statement

PROF. MADHU DANDAVATE: Just a minute. It is not Mr. V. P. Singh alone who was involved. There were officers; there were also officers. 8B and 8C are applicable not only to X and Y alone.

SHRI P. CHIDAMBARAM: Mr. Bhure Lal and Mr. Pande have not complained, when they complain we will deal with that. Mr. V. P. Singh has complained and I am answering Mr. V. P. Singh's complaint. (*Interruptions*).

SHRI S. JAIPAL REDDY: We have complained on behalf of Pande and Bhure Lal.

SHRI P. CHIDAMBARAM: Sir, I am answering Mr. V. P. Singh's complaint. His complaint is that he must have been given a notice under Section 8B. A notice under 8B on his own admission can be given to him

only if the Commission was not satisfied with his answers and if the Commission was not satisfied with them, they will ask him.....

PROF. MADHU DANDAVATE: It is a mandatory provision. He is misinterpreting.

SHRI P. CHIDAMBARAM: I am not misinterpreting. I know what I am talking about it.

PROF. MADHU DANDAVATE: We know that you know what you are talking about. It is a mandatory provision.

SHRI P. CHIDAMBARAM: Mandatory provision, only there is an inquiry into the conduct. And Mr. V. P. Singh understands the provisions of law much better than you understand the provisions.

PROF. MADHU DANDAVATE: There is no question whether Mr. V. P. Singh understands or not. I know. These are the mandatory provisions of the law. The moment you appoint one inquiry commission you have to invoke 8B and 8C.

SHRI P. CHIDAMBARAM: No, Sir. Only if there is an inquiry into the conduct. Mr. V. P. Singh understands the position very correctly. He says that:

"If they were not satisfied with my answers to the questionnaire they would put further questions or they would give me a notice under Section 8B."

Now, what are the answers Mr. V. P. Singh gave to the questions?

In sum, he was asked, "Did you meet anyone?". He says: "No".

"Did anyone contact you?" "No".

"Did you know about the engagement, when it was made?": "No".

"Did you meet Mr. Hershman?": "No".

"Did you know the terms of engagement?": "No".

I am not yielding to him... (Interruptions)

MR. DEPUTY-SPEAKER: You are answering him. That is the problem.

What is there for the Commission to ask him? (Interruptions).

SHRI P. CHIDAMBARAM: Here is the conclusion of the Commission. "The then Finance Minister Shri V. P. Singh never came to know which foreign private agency was engaged,—Page 171—on what terms it was engaged and the work it was to do, and the manner in which it has to be done, at any time during his tenure as Finance Minister, which came to an end on January 24, 1987." Then, the then Finance Minister himself did not know about the matters pertaining to the specified agency which was engaged, the terms and conditions in which it was to work and the work it was supposed to do, during his tenure of office, which came to an end on January 24, 1987." Also, "The then Finance Minister did not take into account the fact of no foreign detective agency in America would agree to collect information unless the payment was made. Shri V. P. Singh had not given any guidelines in regard to the selection of the agency, but he left it entirely to his officers."

SHRI S. JAIPAL REDDY: He is mis-reading 8B. May I read..... (Interruptions)...

SHRI P. CHIDAMBARAM: You can read in your turn.

What is there for the Commission to ask him?

SHRI S. JAIPAL REDDY: Section 8B says: (Interruptions)

MR. DEPUTY-SPEAKER: Both of you are arguing.

SHRI P. CHIDAMBARAM: Here is the conclusion of the Commission. The then Finance Minister... (Interruptions). I am not going to learn law from him. He is not going to accept my interpretation of law. Why argue? Only if there is an inquiry into the conduct—please read the section—Only if there is an inquiry into the conduct... (Interruptions)

SHRI S. JAIPAL REDDY: I am reading 8B: Persons likely to be effected to be heard—if at any stage of the inquiry... (Interruptions)

PROF. MADHU DANAVATE: No. Here you are casting reflections on Mr. V. P. Singh.

SHRI P. CHIDAMBARAM: We are doing nothing. I will tell you what we are doing. We are doing nothing. Please sit down. (Interruptions)

SHRI S. JAIPAL REDDY: That means his reputation has been prejudicially affected. In that case, the Commission shall give the reasons... (Interruptions)

SHRI P. CHIDAMBARAM: What is the reputation to be affected when he has already pleaded his ignorance... (Interruptions)

Sir, to question after question, the honourable Shri V. P. Singh says: "I do not know. I did not give any guidelines. I have no idea about the terms. I do not know who was engaged. I do not know what manner of work was to be done." Sir, the Commission has sympathised with Mr. V. P. Singh for his utter ignorance of what was happening in his Ministry and what his officers were doing. In fact, the best protection Mr. V. P. Singh has got is that the Commission has accepted his answers, the Commission has accepted his plea of ignorance and has posed eight questions to the Government of India to answer in the future. Is this the way your Minister should run a Ministry and is this the way the Government of India should be run? That is the

(Shri P. Chidambaram)

note on which I want to close. Mr. V. P. Singh has nothing to say. Mr. V. P. Singh has pleaded ignorance. Mr. V. P. Singh pleaded that for the first time he came to know about the whole through the 'Statesman' dated 20th March. (Interruptions)

PROF. MADHU DANDAVATE: The Prime Minister has given oral orders. (Interruptions)

SHRI P. CHIDAMBARAM: What is the harm to his reputation? There is no reputation involved. What is involved is only one thing. What is involved in this case is this, that Mr. V. P. Singh was blissfully ignorant of what was happening in his Ministry. Mr. V. P. Singh took umbrage under the plea of ignorance. Mr. V. P. Singh said that he had nothing to do with all these things and the first time he came to know was only on 20th of March 1987. Sir, it would have been an utter waste of time for the Commission to call upon such a person and say, what I am going to say is likely to injure your reputation, because the Commission has accepted the plea of ignorance. The Commission has in fact saved the reputation of Mr. V. P. Singh. On the contrary the plea here is that the Commission has injured the reputation of Mr. V. P. Singh.

Sir, let me end by quoting the questions posed by the Commission. These are the questions which we have to answer. What had happened has happened, what has happened in January, February and March, has happened, and what his officers did is over. Mercifully these things came to light. We were able to stop this and we were able to stop the inquiry. The questions which the Commission has posed in Page 175 & 176, which I will not read, kindly read those questions—these questions are very disturbing questions. These questions disturb the very structure of the Government. Sir, the whole principle of

cabinet responsibility and collective responsibility hinges on the answers to these questions. Sir, can a Minister conduct himself in this way? Can a Minister by-pass his Cabinet and by-pass the Prime Minister?... (Interruptions)

PROF. MADHU DANDAVATE: It was the collective responsibility that on Muslim Women's Bill, different Cabinet Ministers have talked in different tones. (Interruptions)

MR. DEPUTY-SPEAKER: Let him finish. He is finishing.

SHRI P. CHIDAMBARAM: After the heat and dust of the debate is over, the hon. Members will go back to their homes and ponder over the eight questions posed by the Commission in Page 175, and they will realise the grave damage done to the polity and the Cabinet system of Government by what happened between January and March.

Sir, let me quote Ivon Jennings. In his classic book, 'Cabinet Government' in Page 235, he has said:

"The Minister who refers too much to the Cabinet is weak, he who refers too little is dangerous".

SHRI VIDYA CHARAN SHUKLA (Mahasamund): After a very involved speech of the Minister which is full of innuendos and assumptions, it is very difficult to make a logical speech. But I will try and put the sequences as they took place. We know that when the Foreign Exchange Regulation Act was passed by this House, there was a great deal of activity in getting hold of smugglers and economic offenders. After a while, that thing cooled down a little bit. After Shri V. P. Singh took over as the Finance Minister in the Union Government, then the powers given to the Government under FERA were properly utilised and not only properly utilised but the targets were properly chosen. This, of course, led to lot of discomfiture to many people, particularly those who were friendly to

the business houses and who were serving in the Union Government.

We know that much has been made about these oral orders. I have had the privilege of working and serving in the Union Government for 12 years under Mrs. Gandhi. I know it for certain and I can say—Tewariji can bear me out and many others who worked with us will bear me out—without any fear of contradiction that our oral orders were carried out as they were written orders and there was no timelimit to say that if I or somebody passed an oral order, it must be put on paper within a few days. It depended upon circumstances; it depended on many things. But they were always upheld by the officers concerned and the Ministers concerned. Therefore, as long as the officers or the commission or anybody does not deny the oral orders, oral orders were as valid as written orders. Therefore, if anybody tries to make capital out of saying oral orders and "oral orders" as has been done in the Commission's report, it is only trying to cloud the issue.

The real issue is whether the drive against economic offenders was sought to be blunted by various methods that were at the command of those people who were sympathetic to those who were being attacked by vigorously by the then Finance Minister. This is the main question. Therefore, the issue of verbal orders is absolutely a non-issue as long as the verbal orders are in the files, whether they were recorded later or they were recorded earlier. As long as nobody questions them and nobody questions the veracity of those orders, the point that has been made by various Members from the other side, has no relevance.

I was one of those who faced Shah Commission for 22 days. The Shah Commission was also politically motivated like the present Commission whose report we are discussing today. The Shah Commission was also presided over by a retired judge of the

Supreme Court. The Shah Commission, I must say, was much fairer in procedure than the Commission whose report we are discussing today... (Interruptions) I will give you my personal experience. Their motives may be unfair but the procedures were absolutely fair. I along with Mrs. Gandhi and many others were given proper notices under 8b and 8c. We were allowed to take our counsel with us. We were given absolutely proper and as many opportunities as we wanted to clarify our position and as much time as was necessary was given to us. The whole House knows that the Shah Commission's proceedings did not take place in camera; no secrecy was involved. All the top secret documents, top secret Government files marked 'top secret' were produced in the court room. The proceedings were open for general public and press.

PROF. MADHU DANDAVATE:
Even television was available.

SHRI VIDYA CHARAN SHUKLA:
I hope Tiwari Ji will tell us the specific reasons why this Commission's work done in a hush-hush manner, in secret and in camera. What were the State secrets involved? What were the State interests involved? It was only the question of economic offenders and the Government's actions on them. There was no other question that attracted any secrecy. Why do they want to treat the secrets of economic offenders as State secrets? They are not State secrets. Everything that these economic offenders have been doing and if the Government have taken any action against them that should have been made known. People should have been allowed to go and see, the Pressmen should have been allowed to report. It would then have had salutary effect over the entire country and there would have been a little more sense of credibility while discussing this Report. But the fact is that the entire proceedings started in a very peculiar manner, without staff, in the houses. I do not

[Shri Vidya Charan Shukla]

know what the two judges were doing in camera but the Report that has come out now clearly indicate that there was full justification for holding it in camera because they could have never produced a Report like this if there were people to cross-examine the witnesses if there were people to produce evidence, if the people who were indicted or whose reputation has been affected by the Report of this Commission were allowed to have their way. So, There must be a cogent explanation from the Government as to why this Commission's proceedings were held in camera and why they were not open to public scrutiny.

Some people have made this allegation that there was some problem between Reliance and Bombay Dyeing. There may have been some problems. We are not concerned with that. Here we are concerned with the fact that as far as the Government is concerned and as far as the then Finance Minister was concerned, there was no discrimination made. If some people think that there was some consideration shown to Bombay Dyeing, why don't they make a said on then? Why don't they prosecute them, or whatever they have done? And if you think they were protected earlier—now eight months have elapsed—why don't they take any action? We know there are difficulties, and there are difficulties in the Government about it. If some action is taken, it might create a small crisis in the Ministry. There might be some problem in the Cabinet. But none-the-less, we challenge that if they have things against Bombay Dyeing or Mr. Nusli Wadia, they should take immediate action against him and we will give them wholehearted support for that. If there is anything wrong with that house, they must not hesitate to take action against them.

Something was said about the terms of reference. We have had

discussions with Mr. V. P. Singh before we came to speak in this House and I had asked him this question about the terms of reference. He has told me that he suggested two or three drafts of terms of reference which were not accepted by the Prime Minister and ultimately the terms of reference that was finalised was done after a great deal of discussion and obstruction that was put in this terms of reference business by the Prime Minister. Only with great difficulty they were able to finalise it. (*Interruptions*). So, it is absolutely wrong to say that these terms of reference were framed by Mr. V. P. Singh. In fact the terms of reference were not. (*Interruptions*)

SHRI P. R. KUMARAMANGALAM:
Nobody said that.

SHRI VIDYA CHARAN SHUKLA:
Mr. Buta Singh said that earlier. But these terms of reference were not framed by V. P. Singh although he was consulted, but he was overruled and these terms of reference were finalised by the Prime Minister. (*Interruptions*). I am not yielding, Sir. I want to finish and it is for the Government... (*Interruptions*).

AN HON. MEMBER: Sir, it is word against word. He need not be... (*Interruptions*).

SHRI P. CHIDAMBARAM: It is word against fact. He remained in the Government. He did not resign that night. Sir, I am posing certain questions because Mr. Tiwari is to answer.

If Fairfax and Mr. Hershman were such security risk Government owe an explanation to the House and to the country, after the knowledge was gained that Fairfax and Mr. Hershman were employed by Mr. Bhurelal, why were they retained for a long three months period without dismissing them? It must be properly explained.

PROF. MADHU DANDAVATE:
Four months.

SHRI VIDYA CHARAN SHUKLA:
From March to May. Even one week was enough, if they had known this. Whatever Mr. Chidambaram had said, immediately after the matter came to the notice of the Prime Minister and the Prime Minister became the Finance Minister, immediately action should have been taken to terminate its contract. Why was it kept for long 3 months and what happened during these three months? That should also be told. Whether they did any work, what was the reason or you forgot about it, it must also be told to us.

Now, Sir, Mr. Chidambaram talked about the conspiracy hatched anywhere. There was no conspiracy anywhere. If the conspiracy was hatched, it was hatched only at the level of those people who were supporting the economic offenders. The people who were fighting the economic offenders were not hatching any conspiracy. They may have overlooked certain procedures here and there but they were bent upon fighting economic offenders and there was no question of any conspiracy between Mr. V. P. Singh, Bhure Lal and Mr. Vinod Pandey and I am constrained to say this that very good, honest and reputed officers are sought to be maligned in this House by a Minister of the Government which is a very unusual thing, not only unusual but it is a very damaging. No officer is going to stick out his neck for you and you keep on damaging the reputation of officers who have throughout their career the outstanding record and there is not an accusing finger on them so far. If you make accusation of this kind in this House here, this is not only very unfortunate but this is going to further bring down the morale of the civil services which will be detrimented to the national interest. Therefore I would like the Senior Minister present here to say something about it and undo the damage that Mr. Chidambaram has done to the morale of the civil service servants in this country.

Sir, I know something about these officers. I have spent 30 years in the Lok Sabha and when I joined the Lok Sabha this gentleman came as Probationary Officers and I know them about their career, not only of these but of many officers and I can say here with full sense of responsibility that Mr. Bhure Lal and Mr. V. Pandey are the officers of highest integrity with greater patriotism. It is absolutely amazing that a responsible Minister should come to this House only to malign these officers in this House.

PROF. MADHU DANDAVATE:
When they retire they will be able to reply to these points.

SHRI VIDYA CHARAN SHUKLA:
You might put up Mr. Bhure Lal as a candidate in Allahabad for the Lok Sabha seat. Sir, one statement was also made that Mr. Hershman said something about this Enquiry and about this happening in Government of India. Mr. V. P. Singh did not denounce that statement. I want to say that Mr. V. P. Singh did not denounce that statement and you can take it as the statement of fact and I will prove to the satisfaction of the Chair that such a statement was made by Mr. V. P. Singh and the attempt made by the Treasury Benches to malign Mr. V. P. Singh that when Mr. Hershman made a statement he just kept quiet about it. That was absolutely wrong and false. A lot of time has been taken and our conclusions are quite clear here. This particular report is totally untrustworthy. It is a politically motivated report which is not supported by facts. Even the observations of the Commission that have been quoted by the hon. Minister are surmises at the best without supporting evidence. And therefore, the political contents of this Report are so high that there is no judicial deliberation or judicial prudence available in this Report. And therefore, the fate of this Report is going

[Shri Vidya Charan Shukla]

to be the same as all politically motivated commissions like Shah Commission and this Commission and many other Commissions that the Government might form in the short period that is available to itself before the next general election. But I must warn them that if they keep on doing this thing, this will again boomerang against them and it will destroy their credibility if there is any left and I would say that they should desist from doing his kind of thing and save the country from trouble. Instead of that, they should launch a vigorous move, a vigorous drive against the economic offenders, catch them wherever they are and bring them to book so that the excellent work that was started by Mr. V. P. Singh as the Finance Minister of India is continued and the country is delivered of these blackmarketeers and economic offenders and the tremendous amount of damage that is being done to our economy is stopped.

Sir, I thank you very much for giving me the time to clarify my stand.

SHRI P. R. KUMARAMANGALAM (Salem): Mr. Deputy-Speaker, Sir, we have now at hand the Report of the Justice Thakkar-Natarajan Commission. When the matter came up in this House earlier, I was one of those who belonged to the Ruling Party, who went on record to say that the Fairfax issue raised many relevant questions. That was the time when there was no question of having a Commission, the issue did not reach the stage where a Commission had come up. But I had raised the question without imputing any allegation against anybody at that time. I categorically raised questions as to the propriety of appointing a private foreign detective agency especially belonging to the United States to look into a matter

of economic offenders belonging to our country, and how far this government would be authorising them by means of authority letters. I had in fact in my speech gone on to end and say categorically:

"This is a matter of national interest. I would personally like to suggest to this House that all of us who have information in this matter should put our heads together and solve this problem as this is a part of a global strategy. This is only a tip of the iceberg that we are seeing. The arms case is nothing in comparison to this when one goes lower down. Let us really apply our mind and go into this issue. It is not a simple issue of economic offenders at all. It is something which is much deeper, it is much bigger issue. It is, in fact, a collusive strategy which many forces put together have adopted to try and bring down the image of the nation, bring down the leaders of our nation and destabilise the nation."

This is what I have stated in this House on 31st of March, 1987.

The issue according to me today is not whether Mr. Bhure Lal did this or Vinod Pande did that or Mr. V. P. Singh did that. The issue is: What does this Report reveal? Does it reveal a simple administrative mistake? Does it reveal a little carelessness or calousness on the part of a Minister or certain officer, or is there a deeper meaning behind it? Sir, many speakers who spoke before me especially from the Opposition have mentioned about the political angle of the Report. I presume their reference is basically to the point that the Report dealt with this while dealing with whether it is prejudicial to the security of the nation or not, it is obvious that when a Commission is called upon to give its findings on whether the appointment of Fairfax Commission is such that

the security of India was prejudiced in any manner, it cannot but address that question. And the question of security of India itself is political and, therefore, the charge that the report is political is justified in one account. Political question has been put to them. But this political question is based on facts. The Commission have replied it, based on facts. They have raised the question, and they have answered it. It is easy to say that the Commission with two sitting members of the Supreme Court on it, is not impartial. It is easy to cast aspersions on judges. But when one criticises, speaking about matters dealing with officials, I think, one must also realise that when one casts aspersions on the judiciary, it also has its own implications.

Mr. Deputy-Speaker, there has been an appeal, in fact, it sounded like a fervent appeal — I do not know, whether it is so or not from Mr. Shukla—that we must reverse back to the vigorous drive that Mr. V. P. Singh, during his days of the Finance Minister, had against the economic offenders. If I know, after Mr. V. P. Singh left the Ministry, to the best of my knowledge, there have been more raids conducted against the economic offenders than ever before. But unfortunately the difference was that the Finance Ministers after Mr. V. P. Singh were not trying to make political capital out of it. They were interested in really pegging down the real offenders. After all, when ITC was raided and Rs. 804 crores evasion was pointed out, we did not give so much publicity to it as much as it was given in those days. It is relevant to find out, what was the objective of the so-called vigorous drive.

SHRI V. SOBHANADREESWARA RAO: That was raided during his time.

SHRI P. R. KUMARAMANGA-LAM: No, it is post. Please look at

the dates. I am sure, it is post. (Interruptions).

Unlike Mr. Chidambaram, I am not going to have this debating match or question-answer session. He was willing to take it but I am not willing to take it. I must yield. Only then, will I allow friends on the other side to raise a question. I am not yielding. If they have point of order, let them stand and raise it.

MR. DEPUTY-SPEAKER: Don't give the cause. Otherwise, points of order will automatically come.

SHRI P. R. KUMARAMANGA-LAM: Point of Order has got a system which unfortunately is not adopted often, by my friends on the other side.

Mr. Deputy-Speaker, there is another issue which has arisen. Why has this Commission been appointed—all of us are aware of it. Now the question is, has the Commission done its duty, has it, in its report, dealt with all the questions that have been raised to it. Undoubtedly, from page 268 of the report onwards, the synopsis and the conclusions that they have drawn are categorical on each issue: whether Fairfax was engaged, they do say that an oral arrangement was there with Fairfax by Mr. Bhure Lal. What was the type of engagement? They go on further to say, a special type of informer who is authorised. A lot of friends on the other side spoke of informers and said, informers were of various types. But are informers, in the normal course, given authority letters? Was Fairfax really an informer? They have been called an informer but it is definitely something between an informer and an agency which is being chosen to assist in investigation.

SHRI INDRAJIT GUPTA: Informer—that is what Mr. Brahma Dutt has said.

SHRI P. R. KUMARAMANGA-LAM: I am not speaking on behalf of either the Government or Mr. Brahma Dutt. I am an individual Member who belongs to the Congress Party, which is taking the view. I hope, you are clear and they are clear about it. I think even Mr. Inderjit Gupta is resorting to Mr. Jaipal Reddy's technique. I am sorry about it but I am a little shocked.

We go on further to say and point out that:

"the clearance was on condition that no financial risk was involved and that payments were to be made after concrete evidence was handed over, without any obligation to make prior payment or incur prior expenditure." (P. 274 of Thakkar-Natarajan Commission of Inquiry).

But when it comes to whether at all they believe it, they handle it, in the earlier pages they, have dealt with Nusli Wadia and his involvement and have categorically stated in no uncertain terms that there is a chance and possibility that payment has been made but since there is no evidence available, they are not willing to give any evidence (p. 223). (Interruptions). I do not understand. Are you still continuing the debate between Mr. Chidambaram and all of you?

I am only pointing out that the Commission has very categorically held that Mr. Wadia has played an active role in the matter of engagement of M/s. Fairfax through Shri Hershman, and Shri Bhure Lal, the then DOE, and the Finance Ministry were made instruments to serve the purpose of Shri Wadia. Here I am not pleading the case that either Mr. Bhure Lal or Mr. Pandey or Mr. V. P. Singh committed a wrong or did not commit a wrong. That is there in the report. It is there for

people to infer from seeing the facts of the report. But definitely there is a categorical finding that one person by the name of Nusli Wadia has used the DOE and Finance Ministry as instruments to serve his purpose.

SHRI VIDYA CHARAN SHUKLA: Take action against him.

SHRI P. R. KUMARAMANGA-LAM: It is important that this be taken note of. This is a categorical finding. This gentleman was given a notice under 8 (b). He was given full opportunity.

SHRI VIDYA CHARAN SHUKLA: We support you.

SHRI P. R. KUMARAMANGA-LAM: It is undoubtedly true that to satisfy—according to him and according to what is available in the report, I doubt that is the only thing—his decision to somehow put his competitor down, he resorted to this. I suppose the equation that is to be given by Mr. V. P. Singh and others would be, set a thief to catch a thief. But do you allow yourself to be used by a thief? That is the question. I do not think any person, any citizen of India, should misuse his position as a Chief Executive by a company and use the money that is at his disposal by that means.

The point is that this report categorically and in no uncertain terms reveals that an individual who is a capitalist, who is not even a citizen of India, who does business in India with the permission of the Finance Ministry of the Government of India, has the audacity to try and use the machinery of the Government of India for his private reasons. Can such a person be allowed to go scot-free? I am happy that Mr. Vidya Charan Shukla has gone on record to say that he has no objection. He says that he has no objection and he welcomes action being taken against Nusli Wadia.

PROF. MADHU DANDAVATE: I said, "we demand".

SHRI P. R. KUMARAMANGA-LAM: Did Prof. Dandavate say "we demand that"? My God... (*Interruptions*). But the question that arises is: what is the action that has to be taken? The action that I would suggest is not a mere refusal of permission to Mr. Nusli Wadia not to do business in India but nationalisation of this Company because...

SHRI VIDYA CHARAN SHUKLA: It is a good idea.

SHRI P. R. KUMARAMANGA-LAM: Its resources have come from public funds. Actually more than 95 per cent of the shares and the financial investment belongs to public funds. Why should this public fund be available at the hand of an individual, who is not an Indian, to be misused.

SHRI VIDYA CHARAN SHUKLA: One of the Ministers is the largest shareholders of this Company.

SHRI INDRAJIT GUPTA: That is the whole trouble.

PROF. MADHU DANDAVATE: Even, he should also be nationalised.

SHRI VIDYA CHARAN SHUKLA: He should also be nationalised. (*Interruptions*)

SHRI P. R. KUMARAMANGA-LAM: Mr. Deputy-Speaker, Sir, I hope some of these comments which are made by sitting in their chairs are not going on record because I think the Minister concerned should be given an opportunity a proper show-cause as per the rules.

SHRI VIDYA CHARAN SHUKLA: We support the demand of nationalisation on Bombay Dyeing Company. All of us support it. (*Interruptions*)

SHRI P. R. KUMARAMANGA-LAM: We are happy that atleast such a demand has received some support.

PROF. MADHU DANDAVATE: Please do not de-nationalise something which is there already... (*Interruptions*)

SHRI P. R. KUMARAMANGA-LAM: But the issue that is there is why is it that my friends are not able to see the fact — which one can see — out of this that the Government machinery has been misused. But there is a much larger question that arises is it the mere misuse the Government machinery to achieve some commercial objective or is there something much more.

SHRI INDRAJIT GUPTA: Conspiracy!

PROF. MADHU DANDAVATE: Destabilisation!

SHRI P. R. KUMARAMANAGA-LAM: Conspiracy to bring down the image of India in the world; to use an agent of CIA, an agent of CIA as an agent of the Government of India to somehow bring charges against the Government which cannot be substantiated (*Interruptions*) What has happened is this: Mr. Hershman said and challenged saying: "I have information at my disposal which I will bring out at the appropriate time". Of course, for him, yet the time has not come.

SHRI P. M. SAYEED (Lakshadweep): Better you use the word conspiracy instead of destabilisation. (*Interruptions*)

SHRI P. R. KUMARAMANGA-LAM: The issue that arises is that why has he not done so. It is because obviously his masters have not yet indicated. Many of my friend's masters have also not given them the right signal to go ahead for a full-fledged destabilisation plan. Of

(Shri P. R. Kumaramangalam)

course that relevant week, which Mr. Chidambaram referred to, in March, that week very categorically...

SHRI INDRAJIT GUPTA: Mr. George Bush has assured your Prime Minister. Your Prime Minister has given a certificate. *(Interruptions)*

SHRI P. R. KUMARAMANGALAM: Sir, I would request you to bring the House to order. At least the elders in the House will follow some etiquette.

MR. DEPUTY-SPEAKER: Please wind up.

SHRI P. R. KUMARAMANGALAM: Sir, I am being asked to wind up because they are shouting...

MR. DEPUTY-SPEAKER: Because of the time-factor. *(Interruptions)*

SHRI P. R. KUMARAMANGALAM: The issue that arises is that this report categorically establishes beyond doubt that there was something at stake than mere commercial competition. If one sees the very last observation on the question of security of India, I would only like to say that all these things, quoting from Page 288 of the Report. It says:

"All these aspects have been dealt with at great length and the Commission has concluded that it was not consistent with the security of India to have engaged any foreign detective agency in general and Fairfax and Shri Hershman in particular."...

This portion of the finding should be taken note of by some of my friends on the other side that when they are pleading for Fairfax, when they are pleading for Hershman and when they are pleading for those who colluded to appoint these people

—Mr. Barris, an ally of M. Hershman, the other way round—and the Fairfax, it is clear that they are pleading for those who want to endanger the security of India. Let not this report be ignored.

I would only plead with the Government: let this Report and the questions raised by this Report be carefully considered by the Government. In fact, I feel that the House should consider it because vital matters of procedure of government have been raised, and more so, it is important to note that, when you change policy decisions, when a Minister gives—oral or written; irrelevant according to me—directions, he must realise whether his directions pertain only to his Ministry or they have implications which are of national character. If the Minister does not, then definitely the nation's security is at stake.

I would like to end by saying only one thing. I also join with Mr. Vidya Charan Shukla in requesting the Ministry of Finance and the hon. Minister for Finance not just to continue their vigorous activity in bringing economic offenders to book but I think it is time to give it a little publicity so that my friends on the other side come to know at least.

MR. DEPUTY-SPEAKER: Hon. Minister.

SHRI INDRAJIT GUPTA: Kindly be brief.

THE MINISTER OF FINANCE AND MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI): I will be brief.

SHRI SYED MASUDAL HOSSAIN (Murshidabad): Let us have his reply tomorrow.

PROF. MADHU DANDAVATE: You can reply leisurely tomorrow.

SHRI SYED MASUDAL HOSSAIN: Actually there is no quorum now.

(Interruptions)

SHRI NARAYAN DATT TIWARI:
I will complete in ten minutes. Mr.
Deputy-Speaker, Sir...

MR. DEPUTY-SPEAKER: I find Mr.
Jaipal Reddy coming. He will not
allow him to finish in ten minutes.

SHRI NARAYAN DATT TIWARI:
We have just had a marathon debate,
for more than six hours. This House,
of course, has set many records of dis-
cussions, but this in itself has been a
record among records, I would say that
it has not been a very fair evening,
but it has been a Fairfax evening.

Well, what is the basic issue? Many
distinguished Members from the Op-
position have declared that the basic
issue is the economic offenders' issue.
The basic issue has been narrated in
the very first page of the Report—in
'Introduction'...

PROF. MADHU DANDEVATE:
Please do not read that. We have al-
ready read it. Let us not have another
reading session... (Interruptions)

SHRI NARAYAN DATT TIWARI:
It was because of an earlier debate in
Parliament that this inquiry came
about. The report mentions that:

"It would appear that some mem-
bers of the Ruling Party as also some
members of the Opposition strongly
felt that entrustment of such func-
tions to a foreign detective agency
was not in the best interests of the
nation and that it was fraught with
danger."

It was because of the persistent de-
mand in both Houses of Parliament
that this Inquiry Commission was set
up. Its main term of reference was
whether the Fairfax Group was com-
petent to carry out the task which
was entrusted to it and whether the
security of India was prejudiced in
any manner in making these arrange-
ments. This was the basic term of re-
ference. I do not understand why we
have made a political issue out of it.
I find that two sitting judges of the

Supreme Court comprising of the com-
mission have been attacked all
through...

SHRI V. SOBHANADREESWARA
RAO: Because it is a political Report.

SHRI NARAYAN DATT TIWARI:
Is it just because they were asked,
because of a debate in Parliament, to
be members of an Inquiry Commis-
sion? They were nominated by the
Supreme Court of India. They were
not nominated by any political set-
up or by the Government. They were
nominated by the recommendation of
the Chief Justice of India. They are
sitting judges. It has been a conven-
tion, under the rules of the House,
that, while speaking, we should not
make remarks which are derogatory
to the sitting judges of the Supreme
Court...

PROF. MADHU DANDEVATE: We
have attacked the judgment in Golak-
nath case during the debate on the
Twenty-fourth Constitution Amend-
ment.

SHRI NARAYAN DATT TIWARI:
I would very much like to agree with
him. We have been colleagues for so
many years. I have also great respect
for my distinguished colleague from
Madhya Pradesh who mentioned about
Shah Commission. We together fought
the Shah Commission. As he fought
the Shah Commission, I also was there
days, months and years. I was to suf-
fer Gajendragadkar Commission. I
had to suffer four commissions in
Uttar Pradesh: Therefore, I know what
a Commission means. But it is so dif-
ferent, rather we must congratulate
this Commission that it did not get
all that paraphernalia that the Shah
Commission got. It was finding of a
just plain fact. I would like to ask a
question of myself and my friend Mr.
Shukla that what should I do now as
Finance Minister? Would it be proper
and appropriate for me—leave aside
the Commission Report—to engage a
private foreign detective agency to
screen economic offenders?

(Interruptions)**

PROF. MADHU DANDAVATE: Yes, if necessary.

(Interruptions)

SHRI NARAYAN DATT TIWARI: Without screening? I know Mr. Bhure Lal myself. I come from Uttar Pradesh. He comes from Uttar Pradesh cadre. I know, he is rather a hard working officer.

SHRI VIDYA CHARAN SHUKLA: Honest also.

SHRI NARAYAN DATT TIWARI: Hard working and he had been honest. I know him because he was working under me. Therefore, what I mean to say is that it is not only a question of Mr. Bhure Lal or Mr. Pande but it is a question of Mr. Hershman, why was Michael Hershman involved? Was it appropriate and proper? That is the basic question. It might be Bhure Lal it might be Tiwari, it might be Pande, but why was the inquiry made? That is what I want to ask. That is where I agree with Mr. Indrajit Gupta, Mr. Acharia and also with Mr. Amal Datta. On the basic question you agree with us, you agree with the Commission Report that the hiring of a foreign agency of a dubious character of Michael Hershman was entirely wrong. That is the basic question. Nothing more, nothing less. And that is why the Commission's Report said regarding this. Page 261, I would not like to quote because Mr. Chidambaram has already mentioned so many pages.

(Interruptions)

SHRI P. CHIDAMBARAM: If you want, you can quote only one page.

SHRI NARAYAN DATT TIWARI: But here, in page 261:

"In an interview published in 'Washington Business Journal', for the week of May 11, 1987 Mr. Hershman reportedly said that 'nearly all his staff come from Government—CIA, FBI, IRS, Military Intelligence and Police.'"

PROF. K. K. TEWARY: RSS also?

SHRI NARAYAN DATT TIWARI: IRS. Then, what sort of interview Hershman gave. Mr. Hershman has done so by administering threats to the Government of India by making utterances to the effect that he would not care even if it resulted in destabilisation and he would utilise the information gathered by him for the purpose of exposing the Government of India. He has even made utterances which are derogatory in nature against the Union of India and the Prime Minister of India. (Interruptions).

Now, that is what I say about the history of Mr. Hershman. I would say that this Commission is entirely correct as far as its recommendation goes that in future we should never engage any private detective agency.

(Interruptions)

SHRI S. JAIPAL REDDY: Now they can go scot free.

(Interruptions)

SHRI NARAYAN DATT TIWARI: That is wrong... That is the main thing... That is the recommendation.

(Interruptions)

SHRI NARAYAN DATT TIWARI: Will Mr. Acharia recommend that we should have Hershman again?

SHRI BASUDEB ACHARIA: Have you got any machinery to investigate?

PROF. MADHU DANDAVATE: Mr. Ajitabh Bachchan will be very happy if nobody in Geneva investigates.

SHRI NARAYAN DATT TIWARI: Would you recommend Mr. Acharia, my dear leader of the Marxists Party, whether it was proper to have engaged Mr. Hershman?

(Interruptions)

SHRI AMAL DATTA: Not in the way you did.

SHRI NARAYAN DATT TIWARI: No economic offenders, no FERA violators, the basic question was... (Interruptions)... even if we have to engage a detective agency... (Interruptions).

SHRI V. SOBHANADREESWARA RAO: Suppose if Mr. Hershman sends some valuable piece of information, will you deny it, will not the Government receive it?

SHRI NARAYAN DATT TIWARI: How do you select it even if you decide to detect through a private agency?

PROF. MADHU DANDAVATE: You have any agency that can nab the economic offenders. What is required is to nab the economic offenders. Even if you choose a devil we don't mind provided you nab economic offenders... (Interruptions)

SHRI NARAYAN DATT TIWARI: How did we find Mr. Hershman? There are thousands of detectives and agencies in United States. There are so many private detective agencies, as far as I am told. How was Mr. Hershman selected? Was there any screening made? Was there any advise taken from the investigative agencies? I am concerned with Mr. Bhure Lal or Mr. Tiwari or anybody because I am concerned about how Mr. Hershman alone was selected. Why were other names not selected?

SHRI INDRAJIT GUPTA: We did not select it... (Interruptions)....

AN HON. MEMBER: Your Government selected it... (Interruptions)...

SHRI S. JAIPAL REDDY: Will the Minister enlighten us to how the informers are selected?... (Interruptions)

PROF. MADHU DANDAVATE: He is speaking as if we selected him!

SHRI RAM DHAN: It was Mr. Rajiv Gandhiji's Government which selected him.

THE MINISTER OF PARLIAMEN- TARY AFFAIRS AND MINISTER OF FOOD AND CIVIL SUPPLIES (SHRI H.K.L. BHAGAT): All of them have spoken, why are they interrupting?

SHRI AMAL DATTA: I had asked a question whether the Finance Ministry has any procedure... (Interruptions)... You please tell us about this.

SHRI H.K.L. BHAGAT: I would appeal to Mr. Amal Datta not to speak without the Chair's permission.

MR. DEPUTY SPEAKER: The Minister goes on replying to the people; that is the problem. He should address the Chair. Mr. Minister, please address the Chair. Please don't discuss with the people. Then I cannot control them.

PROF. MADHU DANDAVATE: He is posing questions to us and when we reply, you get angry. He posed a question to Mr. Basudeb Acharia and twice he sat down. (Interruptions).

SHRI NARAYAN DATT TIWARI: The drive against the economic offenders under the leadership of the Prime Minister has been there ever since he took over the office and it is continuing. May I give some figures? The number of important cases after February 87, important cases in Excise: I.T.C. an amount of approximately Rs 1080 crores—notice issued; for evasion of Excise, Godrej Boyce, Godfrey Phillips, Bajaj Auto, Reliance, Ceat Tyres, Lohia Machines, Reliance, for violation of import trade control and customs law Rs. 119.64 crores and Bombay Dying, both. We are equidistant to both. We only go according to law, without fear or favour action has been taken against both. In regard to excise evasion detected the number

[Shri Narayan Dutt Tiwari]

of cases till October, 1987 is 5626 and the total duty is Rs. 1163.32 crores as compared to Rs. 539.87 crores last year. The number of income tax searches conducted during the year 1985 was 6919. In the year 1986 the number was 6764 and upto November 1987 the number of searches conducted was 7517. The value of seizures in 1985 was Rs. 43.41 crores and in 1986 it was Rs. 90.96 crores. The value of seizures upto November 1987 was Rs. 104.86 crores. Average value per seizure in the year 1985 was Rs. 63,000. In the year 1986 it was Rs. 1.34 lakh and upto November 1987 it is Rs. 1.39 lakh. In regard to Customs raids the value of seizures in 1985 was Rs. 195.62 crores. In 1986 it was Rs. 217.52 crores and upto November 1987 it is Rs. 214.22 crores.

In regard to FERA violations the number of persons arrested in the year 1985 was 354 whereas in the year 1986 the number was 239 and upto October, 1987 the number is 187.

SHRI INDRAJIT GUPTA: The number has come down.

SHRI NARAYAN DUTT TIWARI: This figure is only upto October, 1987. There are 4-5 months to go.

[Translation]

SHRI RAM DHAN: You are quoting old figures, tell us the figures relating to your own period as Finance Minister.

SHRI NARAYAN DATT TIWARI: These figures are upto October whereas I took over the charge of this Ministry in July. (Interruptions) The number of persons detained under COFE-POSA in 1985 was 760 and in 1986 the number was 812. Upto October 1987 the figure is 671. The number of show-cause notices issued under different provisions of FERA for FERA violations in the year 1985 the number was 4362. In 1986 the number was 6736

and upto October 1987 the figure is 6290. The number of cases adjudicated in the year 1985 was 3600 and in the year 1986 the number was 4376. Upto October 1987 the figure is 14235.

[English]

SHRI BASUDEB ACHARIA: Tell us how many convicted?

SHRI NARAYAN DATT TIWARI: I am not in competition with my predecessor. We have to work according to law. This House expects us not to be just in a witch hunting spree.

Therefore, what I would say is that it is a consistent and continuous effort and I may assure the hon. Members opposite that with their cooperation and support this drive against economic offenders will continue without fear and favour under the leadership of the Prime Minister.

The latest figure in respect of detentions under COFEPOSA is 720 (upto November, 1987). Now I would not like to read out all the statistics at this late hour. What I would say is please do not make all this political. Let us not attack the Supreme Court judiciary—the sitting Judges of the Supreme Court.

SHRI RAM DHAN: They are commissioners, not judges.

SHRI NARAYAN DATT TIWARI: Let us not make everything political. It is a question concerning the methodology we should adopt in chasing the economic offenders outside India. That is the question.

I am very sorry to say that I did not have any alternative suggestion from the honourable leaders of the Opposition as to what procedure should be adopted in chasing the economic offenders outside India.

PROF. MADHU DANAVATE: Take the help of foreign machinery.

SHRI BASUDEB ACHARIA: You have your own machinery.

SHRI NARAYAN DATT TIWARI: Therefore, that is the basic issue which has not been answered. Instead of chastising the honourable Judges of the Supreme Court, I thought that they would give their alternative suggestions.

SHRI AMAL DATTA: Set up a parliamentary committee for economic offence... (Interruptions)...

SHRI INDRAJIT GUPTA: What you said, by screening, we agree. That should not lead to the conclusion that in no case should any foreign agency be employed. If it is necessary, it should be employed after proper screening is done.

PROF. MADHU DANDAVATE: Even the Communist countries have been employing agencies in other countries when they find that economic offenders are to be detected.

SHRI NARAYAN DATT TIWARI: I would like to know as to the level of the Government at which the decision to appoint the agency was taken. Was it at the bureaucratic Secretaries' level? Was it taken at the Ministers' level? At what level he should have taken the help of American concern, whether he should have done it through his own agency. That's what has to be seen here.

SHRI BASUDEB ACHARIA: Why don't you have your own agency?

SHRI NARAYAN DATT TIWARI: Leave aside the political aspect of it. Let us not consider the issue as an Opposition or as a Government. Let us consider the issue as a single parliamentary entity. We should apply our collective mind to it that how do we deal with this issue, that is, the question of economic offenders abroad. Should we have private detective agencies of Hershman type who has such a dubious origin? That is the basic question.

SHRI V. SOBHANADREESWARA RAO: Are you allergic to the foreign agency?

PROF. MADHU DANDAVATE: No country has prohibited a private agency outside.

SHRI NARAYAN DATT TIWARI: My distinguished and elder colleague from Maharashtra mentioned that this should be thrown in dustbin.

PROF. MADHU DANDAVATE: Dustbin of history, not the dustbin of the Parliament.

SHRI NARAYAN DATT TIWARI: He told me a story about a professor. But I am reminded of another story of a judge. There were two parties appearing before the court. Of course, both the parties pleaded hard and when the judgment came, it had to go against one party. The party said: My lord, it is your judgment. I do not agree. It has to be thrown into your dustbin. So, the Judge said: My dear petitioner ...

PROF. MADHU DANDAVATE: Do not spoil...

SHRI NARAYAN DATT TIWARI: No, no, he said that if you say that it should go into the dustbin, then the dustbin will also go to the judicial records of history. Therefore, it is not a question of a dustbin. It is a question of applying our mind to the basic question that was referred to this Commission.

I would like that this should be taken into an objective manner. I assure the Hon'ble Members that we shall take all necessary steps to go through the recommendations of the report to implement them in detail.