

passbook, the post master asked him to bring a person who might be knowing both the firm and the postmaster. He said if he went to village, he would be wasting one day and he was not sure to be able to get such a person, but the postmaster refused to do anything. When he was going back the postmaster said that he could tell about such a person and pointed towards a vendor who was selling "Chhole Bhature." My friend said that he did not know him. The Postmaster told him to ask the vendor. Then he went to the vendor and told that he wanted to withdraw money from the post office. The vendor asked for fifty rupees and on giving the amount the vendor counter-signed and my friend could be able to withdraw his money.

It is a small example. Several Harshad Mehtas, Bhupen Dalals and their associates have withdrawn thousands of millions of rupees from State Bank and other foreign banks in the same way by showing the letter of the Government. Was there no law in the country to check them, so I consider that there are lacunae in it. Legal provisions should be updated in such a manner as these should be held responsible under the Law and the Constitution. There is a need for constant monitoring of economic offenders by an efficient authority which could take immediate action for committing such crimes independently. Orders of the Finance Minister should not be required for it. This authority should be vested with power to control and punish such offenders.

I have expressed my views here. I wanted to say these things before the hon. Finance Minister. I will not say anything further as several hon. members have already expressed their views on it. Our many ministers who are our colleagues are also sitting here. One hon. Minister said that certain, papers were delayed by one month. But this scam had been going on for 10 years in which millions of rupees went down the drain. Such a big accusation was levelled against you

for a minor thing. That too could not be proved. There is not a single evidence regarding any deal alleged to have been concluded by Minister's order or at his behest, in this duration. It is a glaring example of injustice. As I said before, if Mr. Shankaranand is responsible for this, so was Mr. Malviya before him. He too had followed the similar procedure and he was not even given a chance to explain his position in this regard. Of course, he gave his clarification to the Chairman of the concerned Committee as well as before the committee itself but he did not get more opportunity to give more clarification. In my view there is no other reason to give importance to it except this that the whole banking system should be overhauled keeping in view the facts mentioned and the charges that have been levelled against the Government, in this report and Janakiraman Report should also be considered in this regard. The culprits should be punished. And in addition, if some people of the opposition want to derive political mileage out of it, this House as well as the people of this country will condemn them. With these words I conclude my speech.

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15.15 hrs.

PERSONAL EXPLANATION BY  
MINISTER

**Clarifying certain references made  
about him in the Report of the Joint  
Parliamentary Committee to enquire  
into irregularities in Security and  
banking transactions**

[English]

THE MINISTER OF STATE IN THE  
MINISTRY OF RURAL DEVELOPMENT  
(DEPARTMENT OF RURAL DEVELOP-  
MENT) (SHRI RAMESHWAR THAKUR):  
Hon. Speaker Sir, I am grateful to you for  
having given me the opportunity to offer

[Shri Rameshwar Thakur]

[English]

my personal explanation. The matter arose, out of a letter, which the then Member (Investigation), CBDT wrote to the Chairman, JPC on 7.7.93. The Chairman called for my comments, through his letter dated 13.7.1993. I furnished my reply on 20.7.1993 and dealt with all the points in detail.

I would like to briefly reiterate the facts, which I had mentioned to the Committee in my reply dated 20.7.93, as it seems to me that the position clearly explained by me, escaped due consideration, as the reasons given by me, are not fully reflected in the Committee's report.

[Translation]

SHRI ATAL BIHARI VAJPAYEE (Lucknow): Mr. Speaker, Sir, I want a clarification. Is Mr. Thakur giving a personal clarification or taking part in the discussion?

SHRI RAMESHWAR THAKUR: Personal explanation.

SHRI ATAL BIHARI VAJPAYEE: He is a member of other House. He has given a clarification there. We have read that. We are satisfied with that. There is now no need to give more clarification here.

SHRI BUTA SINGH (Jalore): Mr. Speaker, Sir, Shri Vajpayee is satisfied with his personal clarification. We are also satisfied with it. There is nothing in it.

MR. SPEAKER: No, earlier he had said that he wanted to give personal explanation.

SHRI RAMESHWAR THAKUR: Since I have already made request, I am completing this.

I may be permitted to add that after submission of my reply on 20.7.1993, no further queries were made by the JPC nor was I required to personally explain any details by the Committee and I naturally presumed that my reply has been found satisfactory by the Committee.

The file in question was actually put up to me only on 6.5.1992 and was cleared by me the same day and marked to FM.

I had also pointed out that, during the period—8.4.1992 to 5.5.1992, I was largely away on tours to Nagpur to give a valedictory address at National Academy of Direct Taxes, Paunar Ashram, Wardha, Madras, Tirupathi (AICC Session), Agra and Bombay as Minister-in-Waiting to the President of Turkeministan and Patna and I was also preoccupied with Parliamentary work during its Budget Session and was engaged in urgent official duties including discussions with three foreign delegations and three-day annual conference of Chief Commissioners of Income Tax etc. I may also add here that the file was not marked 'urgent' or 'immediate' or 'important' or 'secret' or 'confidential' etc., and did not seek any decision, approval, instructions or orders. It was, therefore, given a lower priority by the office and put up to me only on 6.5.1992. There was not even a single enquiry or reminder about this note from Member (Investigation) either to me or to my office.

The said note dated 8.4.1992 of Member (Investigation) did not constitute a file by itself but was subjoined to a monthly routine report titled "Highlights of Search and Seizure Operations during the month of March, 1992" stating that a total of 908 searches were conducted in the month of March, 1992 as compared to 912 in February, 1992 and contained a summary of about 28 important raids in 13 categories including the raid on HSM as one of the routine items.

These monthly reports were being submitted every month by way of information on the action being taken by the Investigation Wing of CBDT. The practice of submitting these monthly reports prevailed in the Ministry since 1985 except for temporary stoppage during the period February 1991 to October 1991 and recommenced at my instance after I took over as MOS(R). No action was required to be taken on these files unless specifically sought. If an individual action was to be taken, a separate file was opened for initedure such routine files do not normally reach the Minister or his table directly or immediately.

Let me state, therefore, that neither the monthly report nor the note added thereto by Member (Investigation) were prepared with a view to seeking nor sought any specific permission, guidance or directive from me. Whatever follow up action was required to be taken in pursuance of search and seizure operations mentioned in the report had to be done as per the established practice at the level of CBDT which is an independent authority to undertake the same. The Member (Investigation) required no approval or clearance from the Ministry of Finance to perform his designated functions. The report did not suggest even remotely that any search or seizure operations had been kept in abeyance till the report was perused by Finance Secretary, Minister of State in the Department of Revenue or the Finance Minister. The fact is that nothing was done and no action taken on this file even after the same was seen and returned by the Finance Minister with his remarks.

Wherever individual action in major/significant cases like HSM Group was to be taken, separate files were opened. Each of such files was cleared by me without any delay.

I would like to state before the hon. Members that in my said reply to the Chairman, JPC, I had also pointed out

that significantly, even in the note of Member (Investigation) of 4.5.92 (which was a file solely on searches on Harshad Mehta Group), there was no mention or suggestion that any action against HSM had been held up because of the file containing his said note dated 8.4.92 having not been cleared. He and his officers were free to take and were taking necessary action without any impediments. This policy of allowing the officers a free hand had been consistently reiterated by me, as is also acknowledged by the JPC itself vide para. 17.135 (page 248) of its report. I quote:

"The Minister of State for Finance recorded the following note in this connection on 30.9.92: "It has been the Government's policy to give a free hand to the concerned authorities in charge of different wings/agencies connected with investigation etc. However, they must ensure coordinated action and take effective and prompt steps for it."

Hon. Members, the official records will amply bear out that the Investigation Wing of the CBDT acquired a new impetus after I took over as Minister of State in the Department of Revenue in June, 1991. The search and seizure operations which were stopped in February, 1991 owing to refusal of staff to cooperate and participate in search, because of certain violent incidents against the officials on search duties in Gwalior and other places had taken place, were restored. It was at my initiative and guidance that a scheme of compensation for officials engaged on search duties was finalised after prolonged negotiations, and the search operations were recommenced in November, 1991 and continued vigorously thereafter. I would also point out in all humility that the revenue collection touched a record level during my tenure.

I had also pointed out in my said reply and would like to reiterate it categorically before the hon. Members that

[Shri Rameshwar Thakur]

none of the files relating exclusively to Harshad Mehta and his Group or seeking any action from me were held up at any time and all of them were cleared without any delay.

Hon. Members, in summing up, I would like to say that the sole ground discernible from the Committee's Report for their expressing 'unhappiness' happens to be the delay of 27 days in transmitting to the Finance Minister the "routine report of Income Tax raids for information only". Besides categorically stating, as I have already done, that actually there was no delay at my level and there could be no motive on my part and none has been mentioned by the Committee either—for any delay, I would like to specially emphasise before the august House that in any event the alleged delay did not result in any investigation being hampered or action being held up at any level. Thus, it is absolutely clear that the said file was actually a routine monthly report submitted for information only and in fact no further action was taken on this file even after the same was seen by the Finance Minister and returned with his remarks to the Finance Secretary who, in turn, marked it to the Chairman, CBDT and the Chairman marked it to Member (Investigation) and thereafter there was no movement or further action on this file.

In order to allay any further doubt, I am placing the relevant part of my reply to Chairman, JPC dated 20.7.93 on the Table of this House with the permission of the Chair.

SHRI HARI KISHORE SINGH (Sheohar): Sir, I am on a point of order. In fairness to the members of the JPC and to the House, all the files referred to by the Rural Development Minister should be put before you and before the House.

MR. SPEAKER: Under what rule, because it is a point of order?

SHRI HARI KISHORE SINGH: Sir, it is a point of submission.

MR. SPEAKER: I will apply my mind.

SHRI HARI KISHORE SINGH: He should be fair to the members of the JPC and to this House. When he is trying to take us into confidence then we must have the papers before us.

SHRI CHETAN P.S. CHAUHAN (Amroha): Sir, is every Minister, whose name is in the report, going to come here and give explanation like this?

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15.26 hrs.

#### DISCUSSION UNDER RULE 193

#### **Report of the Joint Committee to enquire into irregularities in securities and Banking Transactions — Contd.**

[English]

SHRI RUPCHAND PAL (Hooghly): Mr. Speaker Sir, after 18 months of hard and strenuous labour the Report has been presented and the country will be indebted to the Chairman and Members of the JPC for the service rendered to the nation.

As has been tried to be made out by Shri Buta Singh that it is not a unanimous report, I do strongly believe the report as unanimous because after page 262, that is, the main part of the report, the signature of the Chairman has been put and that is considered to be the substance, the main report itself.