

[Sh. R.M. Ghangare]

other house at the time of the mishap and thus was saved. Similarly, one Head Constable too lost all his family members. You can find many such people there. Most of the survivors have lost their mental balance as the tragedy was unbearable for them. Such is the situation there. What I want is an inquiry into the causes leading to this unprecedented calamity. A committee should be constituted to inquire into it. No effort should be spared to provide maximum relief including medical treatment to the victims. Further, the villagers should be taken to a safer place and rehabilitated there. All possible assistance should be provided and adequate compensation paid to those whose crops have been destroyed. This work should not be entrusted to bureaucrats. I have come to know that the hon. Prime Minister is visiting the area on 9th instant to personally study the situation. It is my humble request to him that he should keep all these points in mind and provide liberal assistance to the victims. The Union Government should also issue necessary instructions to the State Government in this regard. With this request, I conclude.

[English]

MR. CHAIRMAN: Shri Manmohan Singh to make a statement regarding the affairs of the Bank of Credit and Commerce International Limited, Bombay Branch.

[Translation]

SHRI RAM VILAS PASWAN (Rosera): Why copies of the statement have not been circulated to us. When it was already decided that the hon. Finance Minister would be making a statement, copies should have been made available to all the hon. Members.

[English]

SHRI BASU DEB ACHARIA: It should be made available.

MR. CHAIRMAN: As soon as the statement is over, it will be made available.

17.04 hrs.

[MR. SPEAKER in the Chair.]

STATEMENT BY MINISTER

Affairs of Bank of Credit and Commerce International (Overseas) Limited
Bombay branch (BCCI) (SE)

THE MINISTER OF FINANCE
(SHRI MANMOHAN SINGH):

The Bank of Credit and Commerce International (Overseas) Limited (incorporated in Grand Cayman), a wholly owned subsidiary of Bank of Credit and Commerce International Holdings (Luxembourg) submitted an application to Reserve Bank of India (RBI) in April, 1977 for opening two branches in India. However, BCCI was permitted by Reserve Bank of India to open only a representative office in June, 1977. Representative Offices are not permitted to do any banking business but function only as a liaison office.

BCCI, however, pursued its request for establishment of branches in India. Reserve Bank of India issued a licence in February, 1983 for opening one branch in Bombay. The branch commenced its operation with effect from 31st March, 1983.

BCCI was involved in controversy in 1986 when investigations by Enforcement Directorate revealed that the bank was releasing foreign exchange against the Foreign Travel Scheme to travel agents without verifying the signatures of the actual travellers, with the result that a substantial amount of foreign exchange was released on the strength of the

forms bearing forged and fake signatures. Some of the employees of the bank were detained under COFEPOSA Act. Subsequently four of these were related on the recommendation of the Advisory Board that heard the cases as provided in the COFEPOSA Act. Detention order of one employee was revoked by the Government on the ground that other employees had been released under similar circumstances. However, the case was adjudicated by Order dated 20-6-1988 imposing a penalty on the bank, its employees as well as travel agents and ordering confiscation of the seized exchange of US \$1,32,00 as well as the Indian currency of Rs. 17,00,057 taken over from the bank. The Enforcement Directorate investigated the matter relating to irregular release of foreign exchange against Foreign Travel Scheme and the Directorate was not in possession of any evidence regarding use of such money for buying arms. Reserve Bank of India also deputed a special investigation team in January, 1987 to look into the matter and find out whether the seriousness of irregularities justified demands for cancellation of the licence of the bank. The inspection revealed that there were mainly procedural irregularities in foreign exchange operations and conduct of the bank in certain areas but such irregularities had also been observed in the case of other authorised dealers in India. This did not warrant revoking of licence.

There were also reports in 1988 from Intelligence Agencies that BCCI has made overtures for acquisition of property and is trying to enter the Hotel and real estate business in Lucknow and Bombay. The Intelligence Agencies viewed this as fraught with security risk. Reserve Bank of India looked into the matter and Reserve Bank of India scrutiny of BCCI Bombay Branch did not reveal financing/acquisition of real estate business or property.

The Reserve Bank of India received an intimation from the Bank

of England on the evening of 5th July, 1991 stating that the Governor of Cayman Islands had issued an order appointing a receiver to take charge of the affairs of BCCI International (Overseas) Ltd., a branch of which is functioning in Bombay.

On the morning of 6th July, Reserve Bank of India received another intimation from the BCCI, Bombay Branch that they had received instructions from their Central Office to suspend the operations of their Bombay Branch with immediate effect. On receipt of these intimations, Reserve Bank of India issued an order on 6th July, to BCCI, Bombay to suspend its operations unless otherwise permitted in writing by Reserve Bank of India. Reserve Bank of India appointed simultaneously two Reserve Bank of India officers as observers to ensure that the interest of depositors and creditors is protected. Reserve Bank of India also issued a press note indicating that in Reserve Bank of India's view, the total value of assets of the Bombay Branch, prima facie, is more than liabilities and hence the interest of depositors is safe.

On the 15th July, 1991, Reserve Bank of India moved an application in the High Court at Bombay under Section 38 of the Banking Regulation Act, 1949 for taking the local office of the bank into liquidation and also for appointment of State Bank of India as a liquidator. The Court passed an ad-interim order appointing the State Bank of India as provisional liquidator. The provisional liquidator is taking stock of the situation and making an inventory of assets and liabilities.

As regards the points raised in this House in respect of reports alleging payments to Indian politicians and bureaucrats and financing of terrorist organisations by the BCCI (Overseas) Ltd., Bombay Branch, from the information available from the Intelligence Agencies and the Reserve Bank of India, there is no indication of specific

[Sh. Manmohan Singh]

instances or any definite information of that nature. Nothing that impinges on the security of the country has come to the notice of the Government. However, Government is fully alert about this aspect of the matter.

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

SHRI SOMNATH CHATTERJEE (Bolspur): The whole world knows about the truth. *(Interruptions)*

SHRI GEORGE FERNANDES (Muzaffarpur): As far as this statement is concerned, I protest very strongly against what the hon. Finance Minister has said. This is not the statement which we expected from the hon. Finance Minister. *(Interruptions)*

[*Translation*]

SHRI RAM VILAS PASWAN (Rosera): Mr. Speaker, Sir, with your permission, I would like to seek a clarification from the hon. Minister. I would like to know whether any documents regarding the decision taken in this matter at the Prime Minister's level or about the approval of the Prime Minister's office have been received. This issue is more serious than that of the Bofors case. You said that there was no definite information about this. What do you mean by this definite information? Manmohan Singhji, we have great respect for you. So, I request you again to disclose the names of the persons involved in it. One dirty fish spoils the whole pond. Please tell the names of those persons, otherwise we will disclose the names of those, who were involved in it. I shall tell you their names. Please tell us as to whether the P.M.O. had given its approval or not.

MR. SPEAKER: Paswanji, please do not speak like this.

SHRI RABI RAY (Kendrapara): This matter must be discussed under Rule 193.

[*English*]

MR. SPEAKER: We will discuss it in the Business Advisory Committee and we shall see as to what can be done. *(Interruptions)*

SHRI RAM VILAS PASWAN: What about PMO? *(Interruptions)*

SHRI GEORGE FERNANDES: Sir, I want to seek a clarification from the Chair. This statement has been cooking for seven days.....

MR. SPEAKER: You are asking a clarification.....

SHRI GEORGE FERNANDES: No, Sir. I am seeking a clarification from you. This statement has been cooking now for seven days and at the end of seven days, is this all that the Finance Minister has to tell us? Why did it take him seven days to give us such a trash—if I may use that word if it is not unparliamentary. I would like to have an answer to this. They should not take this House for granted. Does the Finance Minister want me to tell him? Can I ask the Finance Minister what he wrote on the file as the Reserve Bank Governor when this bank first asked for the licence? Did he say that this bank should not be given a licence? Then finally, the branch was allocated in Bombay at the instance of politicians. I shall not say so much because I would like you to name them. *(Interruptions)*

MR. SPEAKER: Mr. Fernandes, it is not like this. When we have said that this matter will be discussed in the Business Advisory Committee and we will decide.....

[*Interruptions*]

SHRI GEORGE FERNANDES: I am sorry, Sir. I cannot allow this

House to be taken for a ride like this. I am aware of the fact. *(Interruptions)*
The Cabinet has been sitting up to 3 O' clock in the morning to discuss this. He may try to fool us; he cannot fool the country.

(Interruptions)

MR. SPEAKER: If you want to raise all these points, they can be raised at that time also.

(Interruptions)

SHRI NIRMAL KANTI CHATTERJEE (Dum Dum): That does not preclude him from securing clarification. We can seek clarification.

MR. SPEAKER: Not like this.

(Interruptions)

MR. SPEAKER: We are not allowing this. Supposing I allow one Member, other Members will ask of me the same thing. If this continues, again, you will ask me to allow you.

(Interruptions)

SHRI GEORGE FERNANDES: I can give information. I will not give it here today. I have the information with me. *(Interruptions)*

SHRI P. M. SAYEED (Lakshadweep): Shri Fernandes is a senior Member. He knows it very well that after the statement by the Minister it is not open for any discussion like this. He can ask for the same thing when we discuss it. *(Interruptions)*

SHRI SOMNATH CHATTERJEE (Bolpur): This is a very disquieting state, very unfortunate state. From the top, there is nothing in it. Even the journals in all countries have made disclosures which are sensational. We wanted to know what is the information with regard to this. Does the Government of India know anything about this except what has been casually given to us? That is why, we are disturbed; we are feeling

disturbed; the whole country is feeling disturbed. There are sufficient hints that politicians are involved; MPs are involved; moneys are being utilised for purchase of arms; terrorists have been financed out of this. This is not a matter to be looked into or dealt with casually. Therefore, that is why we are objecting to it. The Finance Minister took time after time and postponed the date for making a statement like this! It is an exercise in futility. Any newspaper would give this. We expected that he would take the House into confidence instead of waiting for a discussion under Rule 193. He should have come forward and taken the House into confidence. *(Interruptions)*

[*Translation*]

SHRI RAM VILAS PASWAN (Rosera): You may get much more information from the newspapers of last three-four days than that given by the hon'ble Minister...*(Interruptions)* in his statement.

[*English*]

SHRI SRIKANTA JENA (Cuttack): Is he to say only the date of birth and date of death of the Company?

(Interruptions)

SHRI BASU DEB ACHARIA (Bankura): Why did he not make a Statement yesterday. *(Interruptions)*

MR. SPEAKER: Let us now resume the discussion on Floods and drought. Shri Vijayakumar Raju may speak now.

(Interruptions)

SHRI SRIKANTA JENA: The Finance Minister is trying to hide certain things from the House. *(Interruptions)*

SHRI BASU DEB ACHARIA: Why did they take so much time to make such a statement? *(Interruptions)*

SHRI SOMNATH CHATTERJEE (Bolpur): This is highly improper. When the House is agitated on this issue, how can the Finance Minister go away from the House? (*Interruptions*)

SHRI BASU DEB ACHARIA: Where is your Finance Minister? The matter is very serious and for the last so many days we are asking for a detailed statement on the BCCI affair. He should not take the House for granted. (*Interruptions*)

[*Translation*]

MR. SPEAKER: But Minister of State is present here. (*Interruptions*)

MR. SPEAKER: Please listen to me.

(*Interruptions*)

MR. SPEAKER: One minute. Mr. Azad, please.

(*Interruptions*)

MR. SPEAKER: Please listen. How will it go on if you do not listen to one another?

(*Interruptions*)

MR. SPEAKER: I am saying to you. Will you please listen?

(*Interruptions*)

SHRI DEVENDRA PRASAD YADAV (Jhanjharpur): Please call the Finance Minister first. (*Interruptions*)

MR. SPEAKER: Why do you not want to hear? I have been informed

(*Interruptions*)

[*English*]

MR. SPEAKER: This is exactly what I am trying to tell you. Please hear me.

(*Interruptions*)

THE MINISTER OF PARLIAMENTARY AFFAIRS (Shri Ghulam Nabi Azad): In Lok Sabha, there is no convention to seek a clarification on the statement of the Minister. (*Interruptions*)

MR. SPEAKER: I have told that the discussion on the flood and drought situation will resume. I have called out the name of Shri Vijaykumar Raju.

(*Interruptions*)

MR. SPEAKER: I have closed the discussion on the statement. If the discussion on that subject was on and he had gone out, then it was something. I had called out the name of Shri Vijaykumar Raju also. I had said that we were going to take up the discussion on the flood and drought situation again and I had called out the name of Shri Vijaykumar Raju and then he had left. Let us be fair.

(*Interruptions*)

MR. SPEAKER: Don't you want the discussion on flood and drought situation to continue?

(*Interruptions*)

MR. SPEAKER: No, not like this.

(*Interruptions*)

SHRI BASU DEB ACHARIA: We are walking out.

17.23 hrs.

At this stage Shri Basu Deb Acharia and some other hon. Members left the House.

SHRI CHANDRA JEET YADAV (Azamgarh): It is taking the house very lightly. He has made a statement which is of a sketchy nature. At least he should have said that the CBI will make an inquiry into the

affairs of the Bank and the Bank is known for its scandalous activities all over the world. (Interruptions)

MR. SPEAKER: Let us be fair.

(Interruptions)

17.24 hrs.

At this stage Shri Chandra Jeet Yadav left the House

MR. SPEAKER: Let us resume the discussion on flood and drought situation. Shri Vijaykumar Raju.

DISCUSSION UNDER RULE 193

—Contd.

17.24½ hrs.

Flood and drought situation in the country—Contd.

[Translation]

*SHRI BH. VIJAYAKUMAR RAJU (Narasapur): Mr. Speaker, Sir, the country is subjected to floods and droughts every year. Much of life and property is being lost due to these natural calamities. Since the successive governments have failed to take suitable measures to combat these natural calamities, we continue to lose precious life and enormous property every year.

17.25 hrs.

[SHRI P. M. SAYEED in the Chair.]

Standing crops are being washed away by the floods. Roads get damaged and bridges collapse. It has almost become a regular feature. Certain regions in the country receive excessive rains, while certain other regions receive no rainfall at all. Even within one state, certain areas receive

good rainfall, and in other areas the rainfall will be very scanty. Mansoon varies from state to state and from area to area. We suffer heavy losses due to erratic mansoon. Hence it is high time the Govt. comes out with certain well defined policies and programmes to tame the fury of these natural calamities.

In this connection, let me say that the deforestation is going on unabatedly. As the forests disappear, naturally the rainfall comes down. The result is drought. Hence, the Govt. of India should give more importance to afforestation programme. The afforestation programme must be implemented with all sincerity and earnestness.

Sir, as I said earlier, droughts and floods are a regular feature in the country. One of the reasons why we get floods every year, is the siltation of river beds. All the major rivers in the country especially in our area, the river beds are heavily silted. As a result the rivers are not in a position to accommodate the excess water they receive during the monsoons. Hence desiltation of the rivers has to be taken up on war-footing. That way, you can reduce the occurrence of floods. Sir, the delta region in coastal Andhra is much more vulnerable to floods. The main reason for the floods is the heavy siltation of the rivers there. This siltation has already caused enormous damage to the existing drainage system there. The drainage system is also more than a century old. Hence I appeal to the Union Government to desilt the rivers and undertake the repair works of drainage system in this region immediately. Otherwise, I am afraid, Sir, the loss of life and property will be much more in the years to come.

Sir, the scientists are of the opinion that the sea-level in costal Andhra will go up by at least 3 to 4 feet in the coming fifty years time. Should

*Translation of the speech originally delivered in Telugu.