

in answer to para (c) and (d) of the Question No. 3911 on 24-3-70 below K. R. Steel Union Pvt. Ltd., West Bengal allocation of export quota to M/s. K. R. Steel Union Pvt., West Bengal had been indicated as "2,000 tonnes per month from February, 69 to July, 69, including 1,250 tonnes for wire rods." I would like to point out that it should read as "2,000 tonnes per month from February, 69 to July, 69 including 1,250 tonnes of heavier billets (125 mm) "

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**CALLING ATTENTION TO MATTER  
OF URGENT PUBLIC  
IMPORTANCE**

**Reported Misappropriation of Money  
at the London Branch of the  
Central Bank of India**

**SHRI SEZHIAN (Kumbakonam) :** I call the attention of the Minister of Finance to the following matter of urgent public importance and request that he may make a statement thereon :

"Reported misappropriation of more than £1.2 million at the London Branch of the Central Bank of India and the action taken by the Government in this regard."

**THE MINISTER OF STATE IN THE  
MINISTRY OF FINANCE (SHRI P. C.  
SETHI) :** Sir, the following particulars have been ascertained from the Central Bank of India regarding the case of suspected fraud at their London Office.

Arising out of certain irregularities noticed in the working of the London Branch of the Central Bank of India the bank arranged for a special audit of the London Branch by deputing a special officer to London on 23rd September, 1969. Later in March 1970, the General Manager of the bank was sent to London to look into some of the irregularities in some accounts of the London office. The General Manager relieved the London Manager, Shri Sami J. Patel of his duties which were handed over to another officer Shri Khalifa. On 15th April, 1970, the London Office of Central Bank of India received a telex message from the Sloman Bank, Hamburg requesting confirmation from the bank regarding an irrevocable guarantee covering ten bills of

exchange for a total sum of D.M. 2,000,000 supposed to have been drawn by Montex Limited, London on C. Ramon & Co. Ltd., London. The London Office of the bank contacted Mr. C. M. Shah of Montex Limited who denied having drawn those bills. On 16th April, 1970, the London Office of the bank sent a telex to Sloman Bank denying having issued any such guarantee and requesting them to despatch to them photostat copies of documents and bills referred to by them and also to exercise caution. On the same day, the Sloman Bank informed the London office of the Central Bank of India that the ten bills of exchange with the bank's guarantee were presented to them for discount by Mr. Mario di Racca of M/s L. Behrens and Sohne, Hamburg, private bankers. The letter of guarantee bore the signature of Mr. S. J. Patel as Manager and Mr. Hanna as the Accountant. According to the Central Bank of India, Mr. Hanna was a Junior Clerk in the bank and was not authorised by the bank to execute any documents on behalf of the bank. Nor were any of these guarantees registered in the books of the bank. The bank has, therefore, surmised that the ten bills of exchange and the guarantee letter are forged documents. On the 17th April, 1970 the Auditor of the Bank, Mr. Mistry accompanied by Mr. Shah who was supposed to have drawn all the ten bills of exchange on behalf of Montex, called at the office of the Sloman Bank, Hamburg, where they were shown photostat copies of the letters signed by Mr. Patel confirming that the acceptors of the bills maintained an external account with the London Branch of the Central Bank of India, with the permission of the Bank of England which, however, according to the Central Bank of India was not correct. Mr. Patel is purported to have written a letter forwarding specimen signatures of the officers of the bank authorised to sign on its behalf. In this list of signatures, Mr. Hanna's name had not been included, but Mr. Patel is purported to have written another letter advising the foreign correspondents of the bank, of the appointment of Mr. Hanna as incharge of foreign business and is also alleged to have authenticated his signature. The photostats of the original letters of guarantee bear the date 26th March, 1969. It appears that these were re-issued on the 26th March, 1970.

[Shri P. C. Sethi]

The Manager of the Sloman Bank, accompanied by its legal Adviser, had a discussion with Mr. Di Racca at the Office of Messrs L. Behrens and Sohne, Hamburg when an officer of the Central Bank of India was also present. Mr. Di Racca was not agreeable to return all the bills of exchange and the letters purported to have been executed on behalf of the bank for cancellation. When it was pointed out to Mr. Di Racca by the officer of the bank that the whole transaction would be nullified as all these documents (both the bills of exchange as well as the letter of guarantee) were forged, Mr. Di Racca replied that he would sue the bank on the due date of the bills, i.e., 27th June, 1970.

The Central Bank of India has deputed Shri D. V. Taneja, Manager (Personnel) at its Central Office, to London on 11th May 1970. The Ministry of External Affairs has requested our High Commissioner in London and Ambassador at Bonn, to render the necessary assistance so Shri Taneja.

According to the Central Bank of India, there is nothing on the records of the bank to show that these guarantees have been issued. It is not the practice of the bank to issue guarantee in letter form, as has been done in this case. Further, none of the officers of the bank at the London Office is authorised to issue this type of guarantee. In these circumstances the bank is of the view that it is not directly responsible for any irregular transaction. According to the bank, some interested parties are trying to folat on the bank these transactions. The bank's representatives in London are in touch with the Scotland Yard.

The irregular transactions involving bills amounting to 2 million D.M. (about Rs. 41 lakhs) have so far come to the notice of the Central Bank of India. The total amount involved in the suspected fraud will be known only when all such claims are presented to the bank. M/s. Behrens and Sohne however, claim to hold with them bills of exchange amounting in all to 10.5 million D.M. (about Rs. 216 lakhs).

Shri Sami J. Patel was the Manager of the London Branch of the Central Bank of India during the relevant period. He has been in the London office for a long number of years and has been the Manager of the

London Branch since 1966. He submitted his resignation and was relieved of his duty on the 26th March, 1970. The bank has forfeited his provident fund and gratuity amounting to Rs. 1,15,000. His present whereabouts are not known

श्री जार्ज फरनेन्डीज (बम्बई-दक्षिण) : अध्यक्ष महोदय, मेरा व्यवस्था का प्रश्न है। व्यवस्था यह है कि मंत्री महोदय ने जो जवाब दिया है यह बिल्कुल गलत है और झूठा है...

MR. SPEAKER : No please. Sit down. Mr. Fernandes, that is not the practice here. I will not allow it.

श्री जार्ज फरनेन्डीज : आप मुझे एक मिनट तो सुनिये। अगर मेरी बातों में कोई तथ्य न हो तो बैठ दीजियेगा।

MR. SPEAKER : This is not the practice.

SHRI GEORGE FERNANDES : I am not asking any question. The Prime Minister's Secretariat is involved in it. Mr. Haksar is involved in it. I have got the documents with me.

MR. SPEAKER : I am not going to allow this on record if you go on persisting like this. There is a regular procedure, some other procedure, to raise such things.

SHRI GEORGE FERNANDES : You must allow me to lay this information on the Table of the House. (*Interruption*)

DR. RAM SUBHAG SINGH (Buxar) : He may be allowed to lay his information on the Table.

श्री रवि राय (पुरी) : अध्यक्ष महोदय, हम भी मांग करते हैं कि इनको ले कर लेने दीजिये। वह कोई डीक्यूमेंट ले करना चाहते हैं। मैं मांग करता हूँ कि डीक्यूमेंट ले करने दिया जाय। यह तो आप की इजाजत से हो सकता है।

श्री मधु सिन्घे (मुंजर) : अध्यक्ष महोदय, बाद में दस्तावेजों को देख कर आप झलाऊ कर सकते हैं।

श्री जार्ज फरनेन्डीज : अध्यक्ष महोदय, आप मेरी एक बात सुन लीजिये। इस में श्री हाक्सर इन्वाल्ड हैं।

MR. SPEAKER : I cannot agree to it. Mr. Fernandes, the proper procedure is you should write to me under direction No. 115. I will allow it then, but not in this manner. (*Interruptions*)

श्री जार्ज फरनेन्डीज : इस में श्री हाक्सर का हाथ है। जिस आदमी ने मुझे सारी जानकारी भेजी है उस को जान से मारने की इन लोगों ने साजिश की है।

श्री म. लिमये : इस दस्तावेज के आ जाने से सवाल पूछने में सुविधा होगी।

SHRI GEORGE FERNANDES : I am producing the documents. (*Interruptions*)

SHRI SEZHIYAN : Sir, as per the statement given and the information revealed so far, the total amount of the bills stated to have been involved in the fraud is Rs. 2.57 crores. This is the position now. So many other bills and claims may come later and the amount involved may go up. Here the pertinent question arises whether there is any defect in the procedure of the banking system in the Central Bank of India, London, with so many loopholes which allow frauds to be committed and remain undetected. Because the Government has nationalised the banks, unless these loopholes are plugged, more and more frauds may be committed.

The statement made by the hon. Minister is incomplete in many respects. He says :

"Later in March 1970, the General Manager of the bank was sent to London to look into some of the irregularities in some accounts of the London office."

But he does not say on what date he was sent. For the information of the House, I can read from the press statement given by the General Manager himself in London, which gives the exact date also. I am reading from the report of the *Hindustan Times* Correspondent, London :

"The headquarters of the bank in Bombay have sent Mr. D. V. Taneja,

Manager of the Head Office, last Monday to London to investigate. He met Indian correspondents here today to give facts so far known without of course making any allegations against the many persons who are in the picture. On March 9 this year he was informed"—i.e. Mr. Patel was informed—"of the posting by the General Manager who had come from Bombay."

That means, Mr. Patel, Manager at London Branch of the Bank was posted to Bombay on 9th March. But the Minister's statement is silent on that date. In the statement of the Minister, it is not said on which date Mr. Patel resigned. The press statement further says :

"He declined to go and tendered his resignation on the same day"—i.e. on 9th March—"He continued to work till the end of the month and afterwards was granted one month's leave."

So, it is clear that Mr. Patel submitted his resignation on 9th March. He declined to go to Bombay but he continued to work till the end of the month and he was given one month's leave also.

I want to know from the Minister under what circumstances when some frauds have been committed, the fraudulent person has been spotted and when he tendered his resignation, instead of putting him under suspension and taking legal action, he was allowed to continue to work in the same branch. Even though as per the statement of the Minister "he submitted his resignation and was relieved of his duty on the 26th March 1970," according to press reports on the 9th March itself he had been asked to give his explanation. I want to know why 18 days have been allowed to lapse before the fraudulent person was relieved of his duties. Because, 26th March is a crucial date. According to the statement "The photostats of the original letters of guarantee bear the date 26th March, 1969. It appears that these were re-issued on the 26th March 1970." That is the exact date on which he was relieved. That means he has again issued guarantee letters to the banks in Hamburg. Therefore, why this man who had submitted his resignation on 9th March was not relieved of his duties and why action was not taken against him.

Secondly, the statement gives a very sad reading because it ends with a cryptic

[Shri Sezhiyan]

announcement "his present whereabouts are not known." Probably this is another case of Dharam Teja. The facts have not been brought out clearly in the statement. According to the press reports :

"The Central Bank also discovered on contacting the Scotland Yard that Patel had changed his citizenship nine years ago and was now a British citizen."

A bank which is functioning does not even know the citizenship of its own employees. An employee has changed his citizenship nine years ago and this is not known to the bank. The Scotland Yard had to inform the Central Bank of his citizenship. So, even rudimentary facts like the citizenship of its own employees are not known to the bank. I do not know under what international law they are going to extradite him.

Lastly, it has been mentioned in the statement :

"In these circumstances, the bank is of the view that it is not directly responsible for any irregular transaction."

But in the statement to the press correspondents in London by the Manager of the Central Bank of India, Bombay, it has been made very clear :

"To safeguard the integrity of Indian banks, it has announced that it will honour all bills which are validate, whatever the amount involved."

Therefore, I want a clear statement from the government whether they are going to honour the bills which might have been issued fraudulently by an employee while in employment, whether they are going to accept these things because they have been guaranteed by the bank though fraud has been committed by an employee.

I have raised four points. Firstly, I want to know whether the defects in the procedure would be rectified. Secondly, even though the Manager of the London Branch had submitted his resignation on the 5th March, why he was not immediately relieved why action was not taken against him and why he was relieved only on the 26th March? Thirdly, how is it that the bank was not aware of the citizenship of its own employee? Fourthly, may I know whether the bank and the government are

going to accept the responsibility for the guarantee given by an employee of the bank?

SHRI P. C. SETHI : The entire matter is at a very delicate stage of investigation. During the course of this investigation, when the Scotland Yard and the concerned officials and the Embassy people are investigating into the matter, to make sensation in the House some of the hon. Members who are not even connected with the Calling Attention are just *(Interruptions)* Let it come, I am not afraid. Some people are in the habit of creating sensation *..(Interruptions)*

SHRI RANGA (Srikakulam) : Sir, is he justified in making these allegations? Let him be relevant here...*(Interruption)*.

श्री मधु लिमये : जाली कागज हम लोग देते हैं ?

श्री प्र० चं० सेठी : मैंने आपके लिए तो नहीं कहा है ।

श्री आर्ज फरनेन्डीज : जाली कागज देने की तो सरकार की आज तक प्रादत बनी हुई है। हमारी तो यह प्रादत नहीं है लेकिन सरकार ने अलबत्ता आज तक यह काम किया है और दोषी सरकारी अफसरों को बचाया है। जिस प्रादमी ने शिकायत की आपके खिलाफ उसे आपके अफसर ने उस चिट्ठी की नकल दे दी और जाली कागज के लिये आप हमें कहते हो ? कुछ समझ कर मंत्री महोदय बात करें ।...  
*(Interruptions)*

SHRI P. C. SETHI : Sir, as far as this matter is concerned it is a well-known fact that the Central Bank of India along with 13 other banks was nationalised after the enactment last year. Prior to that it was a private bank and Mr. Patel went there not only today but about 14 years ago to work in that bank and he was working in various capacities and became the bank Manager in 1966 and not now. As soon as information was received by the Central Bank officers at Bombay that certain irregularities were committed, they sent an audit party and immediately after the audit

party was sent—I have said in the statement; some Members have said I have not given the date—I have said one General Manager was sent from here in March. So, I have given the month. I do not have the date. That officer went in March. After going there he asked Mr. Patel that he is being transferred to Bombay. Mr. Patel on that ground said, "No". He is not prepared to go and submitted his resignation. It is true he submitted his resignation on 9th and his resignation was ultimately accepted on 26th and he was asked to hand over charge to Mr. Khalifa. This is all a matter of inquiry which the Reserve Bank is conducting and the Central Bank is conducting. We have asked the Scotland Yard to conduct this inquiry.

Then, Sir, with regard to this delicate matter of legal position whether the bank is responsible for the documents signed by Mr. Patel, as far as this guarantee given by the bank is concerned the guarantee of the exchange bills is given on a stipulated or specified form. This guarantee is only a guarantee given by Mr. Patel. Whether this is also fraudulent or not because some of the parties who are concerned with the exchange bills have denied, they have said that the signatures are forged. They have denied having received the money. Mr. Hanna's signature is also said to be forged because there is no person of that signature which is produced there. It is some other Hanna who is only a junior clerk and not an accountant. This is all a matter of inquiry whether this is the position or not. We are also in touch with our legal consultants on the basis of this signature and letters of guarantee given by Mr. Patel of which there is no entry as far as the accounts books of the bank are concerned. There is no entry of any such documents in the accounts books of the bank. Then this guarantee is not given on the regular form which is the normal practice as far as the guarantee is to be given with regard to exchange bills. It is only a simple letter signed by Mr. Patel. Therefore, all this is a legal matter which will have to be inquired into and the legal responsibility would fall according to the legal position of the bank. This is a different matter. The bank's position is that this is all a forged case and, therefore, the bank is not responsible. However, this is a matter which will have to be decided by the law courts when this

party files the suit as they have threatened to sue the bank when this comes up.

As far as the question of the British passport of Mr. Patel is concerned he got the British passport in 1960-61 which was much earlier and not of recent times.

**SHRI JYOTIRMOY BASU (Diamond Harbour) :** This fraud of Rs. 22 million in foreign exchange only represents a fraction of the mischief. Today, the £ sterling which should sell at Rs. 18 is being freely sold in the market at Rs. 32.

**SHRI PILOO MODY (Godhra) :** Rs. 35.

**SHRI JYOTIRMOY BASU :** Rs. 35. Shri Piloo Mody is right. The dollar has been sold at a value two and a half times its normal exchange value. If you read yesterday's *Statesman's* article, *Windfall of £ and \$ in Black Market*, you will find that it is a very serious matter. I do wish the Government to take a serious note of the whole thing. This is how the country's entire wealth is being drained out. This is another method, other than overinvoicing and underinvoicing that they have been doing.

One of the involved persons, the former Manager of the Central Bank, London, Shri Patel, is, we understand from a very reliable source, a confidant of a Director of Central Bank of India when it was in the private sector, as also another person who is a very important man in the Bankers' Association. We have seen his name many times in the Supreme Court case.

When Shri Patel was transferred, as the Minister has said, he resigned on the 9th, March and preferred to stay in London with his Italian wife. He was living very luxuriously in London. God knows how he got the money to live so luxuriously in London. He decided to stay in London because that was more lucrative to him.

On the other side, this mushroom German bank, Behrens & sons, which came into existence in October 1969, transacted in bills of exchange dated March 1969, and although it had a total paid-up capital of DM 1.5 million, it bought bills of exchange worth DM 10.5 million

Government should also know that Shri Patel, the Manager of the Central Bank of

[Shri Jyotirmoy Basu]

India, London, had transacted between the months of March and June 1968, an illegal transaction involving £ 49,000 under telephonic instructions from Calcutta from some private sector Central Bank Director to clear the debt of a *b. namdar* of Shri Haridas Mundra in London, a man called Sukhdev Varma. The telephone was put through from a Calcutta office of Shri Mundra after receiving the black market value of sterling that was paid in London. Shri Mundra is now busy taking over British concerns and share-cornering. He is taking out enormous amount of Indian rupees *via* these sorts of methods.

This is, undoubtedly, a conspiracy between the drawer, the drawee and the forger. Why is it that the statement says :

"The bank has, therefore, surmised that the ten bills of exchange and the guarantee letter are forged documents."?

Why is it that after a lapse of more than a month the Government is using the word "surmise"? Why is it that they have not vigorously inquired into the matter and come to a definite conclusion ?

There is definitely a serious charge of corruption. There are corrupt people in it. There is a gang organised of corrupt people in order to take out the entire wealth of the country. Either the whole thing is wholly forgery or it is outside the authority that the bank manager enjoys. Will the hon. Minister, therefore, assure the House that on the due date the drawer will not be paid the money and he will repudiate your guarantee ?

Before I sit down I would like to inform that of the two persons I mentioned one is Shri Bhubha, the former Commerce Minister, and the other is Shri R. C. Cooper of Bombay.

MR. SPEAKER : You are mentioning names of gentlemen who are not present here.

SHRI P. C. SETHI : I fully agree with the hon. Member that the matter is very serious and should deserve our very serious attention. As I have said, it is at a stage of delicate inquiries and we are certainly at it. It appears that on certain points the hon. Member seems to have more information than I have with me. I would certainly take

advantage of the information passed on by him.

SHRI JYOTIRMOY BASU : This is only a fraction of the whole mischief.

SHRI P. C. SETHI : I shall be further thankful if you give the whole information.

MR. SPEAKER : I think, you better send him to UK for all that.

SHRI N. K. P. SALVE (Betul) : *Via* Moscow, of course.

SHRI P. C. SETHI : I can only assure hon. Members that full inquiries will be made, we would take the best possible legal advice and would certainly act up to the legal advice.

श्री कंवर लाल गुप्त (दिल्ली सदर) : अध्यक्ष महोदय, यह जो सवा 2 करोड़ का फ्राड है हिन्दुस्तान की बैंकिंग हिस्ट्री में सबसे बड़ा फ्राड है। मैं यह तो नहीं कहता कि यह राष्ट्रीय करण के कारण हुआ है लेकिन यह स्ट्रेंज क्वैनसिडेंस है कि इतना बड़ा फ्राड राष्ट्रीयकरण करने के बाद सामने आया, और श्री लक्ष्मी ने भी इसके बारे में ऐलिंगेशन लगाया। इस तरह के करप्शन के बहुत से केसेज हैं। जैसा कहा गया है कि कर्मिंग इवेन्ट्स कास्ट देअर शीडोज बिफोर, कहीं ऐसा न हो जाय। कहीं ऐसा तो नहीं है कि बैंक के हेड आफिस का कंट्रोल लूज होता जा रहा है।

इस केस के बारे में श्री जार्ज फरनेन्डीज ने प्रधान मंत्री को एक चिट्ठी लिखी थी 18.3.70 को जिसमें उन्होंने कोट किया था कि उन को यह चिट्ठी लन्दन से मिली है। उसका एक एक्स्ट्रैक्ट उन्होंने प्रधान मंत्री को लिखी अपनी चिट्ठी में कोट किया था। मैं आपकी भाशा से उस चिट्ठी को बोड़ा सा पढ़ देना चाहता हूँ :

"I am reproducing here below extracts from a letter I have received from a friend in London.

"I have been acting as a Consultant to a few small Indian businessmen in London and, in this connection, I have come across some very sinister activities of the Central Bank of India. I have already written about this to Mr. Haksar, Mr. Kamath and Mr. Masani. I write this to you in the hope that you would also use your influence somehow to put the matters I outline below right."

What the Central Bank Manager does is, in simple language, to assist moneylenders who are the curse of our people. He extends to them extra overdraft facilities at the expense of small businessmen who are asked to cut their overdraft to nil. No businessman can work without certain overdraft facilities; but when the small businessman is asked to bring down his overdraft to nil, the Bank Manager recommends him one of the moneylenders to the businessman. This moneylender is already given extra overdraft facilities by the same Bank Manager.

"Thereupon when the small businessman goes to the moneylender, he charges them a rate of interest sometime as high as 42 per cent per annum."

यह चिट्ठी श्री फरेन्डीज ने लिखी। उसके बाद जिस भ्रादमी ने श्री फरेन्डीज को मिली चिट्ठी लिखी थी उसकी दूसरी चिट्ठी उनको 6 अप्रैल को चली हुई मिली है। उसकी भी कुछ लाइनें मैं कोट करता हूँ :

"In my original letter to you I stated that I had also written to Mr. Haksar on this matter. The moneylender in question Mr. Ranan Shah, has received a copy through his private sources of my letter to Mr. Haksar. Fortunately for me the copy letter does not state either my name or address; but I have been told that this moneylender is making efforts to find my name and address and it has been said that if he finds it, he is going to use violent methods towards me for having written these letters concerning his affairs with the Central Bank."

अब मुख्य सवाल यह है कि जो चिट्ठी प्रधान मंत्री को लिखी गई, और जिसको इस सज्जन ने सीधे हाक्सर साहब को दी, वह चिट्ठी रमन ऐंड कम्पनी को, जो सेंट्रल फिगर है, कैसे

मिल गई। क्या इसके बारे में सरकार सी० बी० आई० के जरिये एन्क्वायरी करायेंगी ?

श्री मधु सिमरे : पहले हाक्सर को हटाओ वहां से उसके बाद इन्क्वायरी कराओ।

श्री कंवर श्याम कुन्त : प्रधान मन्त्री को लिखी या हाक्सर साहब को लिखी चिट्ठी की नकल उस कलिट्रट को कैसे मिला गई, यह मेरा पहला सवाल है।

दूसरा सवाल यह है कि आपने मैनेजर के खिलाफ कुछ किया हो या न किया हो, लेकिन जो सी० रमन हैं जिन्होंने सारा मैनिपुलेशन किया, उनके खिलाफ सरकार ने क्या किया ?

तीसरी चीज यह है कि आपने स्टेटमेंट में कहा है कि स्पेशल आडिट किया गया। उस आडिट की रिपोर्ट क्या है, यह मोटे तौर से बतला दिया जाये और जो आप के जनरल मैनेजर हैं लन्दन में उन्होंने यहाँ रिजर्व बैंक को क्या रिपोर्ट दी, या आपको या अपने आफिस को क्या रिपोर्ट दी? मार्च में नेशनलाइजेशन हो गया था बैंकों का। आडिट रिपोर्ट में उन्होंने क्या कहा है? सरकार आडिट रिपोर्ट और जनरल मैनेजर की रिपोर्ट मिलने के बाद क्या कार्यवाही करती रही है, यह समझ में नहीं आ रहा है। मैं सरकार को क्रिमिनल मैनिजेंस के लिए और डिने के लिए चार्ज करता हूँ। मैं जानना चाहता हूँ कि क्या आप सी० बी० आई० के द्वारा इसकी जांच कराने की बात मान लेंगे? कास्पिरेसी वाली बात भी तब सामने आ जायेगी।

लन्दन की पुलिस और जर्मनी की पुलिस तहकीकात कर रही है। क्या आप यहाँ से कोई सीनियर अफसर वहाँ भेजने की बात सोच रहे हैं जो जाँच कर सकें वहाँ प्रसिस्ट करे ?

इस तरह की घटनायें नहीं घटनी चाहियें और अब जबकि बैंकों का नेशनलाइजेशन हो गया है, तो हम चाहते हैं कि उनका इमेज न घटे, उनका इमेज अच्छा हो। उसके लिए आप क्या कदम उठा रहे हैं? कोई इन्वेस्टिगेशन मनीनरी

[श्री कंवर लाल गुप्त]

कोई विजिलेंस मशीनरी आपने बनाई है? अब आपके पास चौदह बड़े-बड़े बैंक आ गये हैं। इस प्रकार की घटनायें न हों, इसके लिये सरकार क्या कर रही है? इस रमन के खिलाफ आपने रिपोर्ट अभी तक क्यों नहीं की है?

SHRI P. C. SETHI : I could say with still greater emphasis how Mr. Fernandes is in the habit of creating sensation. The only fact that he has brought out here through Mr. Kanwar Lal Gupta is that there is some letter written by some Party to Mr. Haksar. Mr. Kamath and Mr. Masani. On the basis of this letter Mr. Fernandes has claimed that he has written a letter. He also says that there is another letter of April 6 from this party saying that his original letter also was sent through Mr. Haksar. Here instead of three persons only one name remains. He has not mentioned about the other two names. Then he imaginarily comes to the conclusion that the copy that this gentleman has received has come only from Mr. Haksar and not from any other source in which the two other names are mentioned. That is why I say that this is jumping at conclusions which are purely politically motivated and have nothing to do with the substance of the case. (*Interruptions*) Mr. Haksar comes because of the Prime Minister.

श्री कंवर लाल गुप्त : कहीं से मिली, इन्क्वायरी कराइये। मैंने यह कहा है कि कैसे गया वह लेटर, इसके बारे में आप इन्क्वारी कराइये। किस की तरफ से गया, इसकी इन्क्वायरी कराने के लिए तैयार हैं?

SHRI P. C. SETHI : This is another thing to ask for an inquiry as to how this party got the copy. But to jump at a conclusion that it was only Mr. Haksar who has done so, this is what I am trying to point out that there is ample political motivation. Politics apart, I can only assure the hon Members...

SHRI KANWAR LAL GUPTA : What about inquiry ?

SHRI P. C. SETHI : Shri Kanwar Lal

Gupta has mentioned that this case has happened because of nationalisation.

SHRI KANWAR LAL GUPTA : No, no.

SHRI P. C. SETHI : That is the way of putting it. I would only point out that not only this case but whatever information we have or wherever we receive complaints, they are thoroughly investigated and inquired into. As far as this case also is concerned, we have handed over this matter to the Scotland Yard and we are also in touch with our legal consultants and the High Commissioner is also in the picture both in London and in West Germany and I can only give this assurance that we would do all the best that we could to complete the inquiry and bring the culprits to the necessary process of law.

श्री कंवर लाल गुप्त : मैंने यह कहा है कि कैसे गया वह लेटर, इसके बारे में आप इन्क्वायरी कराइये। किस की तरफ से गया, इसकी इन्क्वायरी कराने के लिये तैयार हैं?

SHRI P. C. SETHI : So far as the Audit Report and the report of the Central Bank is concerned, we have not seen the Audit Report ourselves; it is with the Central Bank and they are making enquiries about it. Unless I go in to it I cannot say

SHRI KANWAR LAL GUPTA : You may lay it on the Table of the House.

SHRI P. C. SETHI : How can I lay it on the Table of the House ?

श्री कंवर लाल गुप्त : ब्राडिट रिपोर्ट के बारे में पूछा था, इन्वेस्टिगैटिन्ग के बारे में पूछा था। लेकिन कुछ नहीं बताया है। छिपाना क्यों चाहते हैं? इन्क्वायरी आप करेंगे या नहीं करेंगे? किसी का भी जवाब नहीं आया है। मैं आपका संरक्षण चाहता हूँ।

श्री मधु सिन्घे : हाक्सर साहब से डरते क्यों हैं। आपको संरक्षण प्राप्त है पूरे सदन का आप डबराते क्यों हैं?



SHRI RANGA : I would like you to apply your mind to these two points. When such a serious matter has been brought to light is it not their duty to go through the Audit Report ?

SHRI J. M. BISWAS (Bankura) : --rose  
(Interruption)

MR. SPEAKER : May I request you to resume your seat ? This is not a matter to be viewed on party lines. We are all concerned with it. There is no question of your party line.

SHRI J. M. BISWAS : Are you allowing everybody to put a question, Sir ?

SHRI RANGA : He simply says that he has not seen it. Will he send for it, see it, and then as the hon Member said, will he place it on the Table of the House ? He should see the report made by the General Manager or whoever had gone to London, study the whole thing and then tell us. If he had not seen it he should see it, and then place it on the Table of the House. Instead of that, is it open to him to say that he has not seen it and therefore he dismisses this demand ?

श्री रवि राय : आडिट रिपोर्ट सभा पटल पर रखनी चाहिये ।

श्री कबर लाल गुप्त : लेंटर कैसे चला गया । इसकी इनकवारी क्यों नहीं कराते हैं ? अध्यक्ष महोदय, इसमें करोड़ों रुपये का घोटाला है । ये पर्दा डालना चाहते हैं ।

MR. SPEAKER : He has already replied to that point, about the Audit Report.

SHRI KANWAR LAL GUPTA : About the General Manager's Report ?

SHRI P. C. SETHI : About the Audit Report, I have said, I have not seen it. It is not customary to place the Audit Report on the Table of the House.

SHRI KANWAR LAL GUPTA : Why not customary ? Now it is a nationalised bank. Mr. Speaker, Sir, you should protect us. Why should he say, it is not customary ? This is the first time this is coming

up; and this is a Nationalised Bank. They want to hide their own sins. It is a very serious matter.

MR. SPEAKER : There is a limit to it. On this point, whether it is customary to lay the Audit Report or not, I will examine this issue. Mr. Supakar.

SHRI SRADHAKAR SUPAKAR (Sambalpur) : The Statement which was read out by the hon Minister.....

SHRI MORARJI DESAI (Surat) : There is no question of not being customary. This is the first time it has become a Nationalised Bank. Therefore there can be no precedents in this matter. I think there should be no objection to placing the Report on the Table of the House.

SHRI SRADHAKAR SUPAKAR : The statement which was read out by the hon. Minister in reply to the Call Attention Motion together with some of the reports which appeared in papers like *Hindustan Times* quotations from which were made by my friend Mr. Sezhiyan go to show that there is something very serious in this matter which was neglected criminaly by the Government.

From para 2 of this statement it would appear that this irregularity in the Central Bank of India was known by the Government in the month of September, 1969. But, they did not take appropriate action in this matter till very late. It is stated that a Special Officer was deputed to London on 23rd September, 1969. That should have put the Government on the alert right from that date. But, probably, they did not take any action till this question of the transfer of this Officer, Shri Patel, came up in March, 1970. It is strange to find that though Shri Patel was transferred from London to Bombay in the first week of March, 1970 and he refused to come to Bombay, still, he was permitted to continue in his office till the 26th March, 1970 when he submitted his resignation. It is stated that he was relieved of his duty on the 26th March, 1970 by the Government. Though irregularity was committed by this officer, Shri Patel, he was allowed to continue till 26th March, 1970. It appears that most of this mischief was done

[Shri Sradhakar Supakar]

between March 9th and 26th 1970. I am quoting from the last line of para 2.

"It appears that these the bank guarantees were re-issued on the 26th March, 1970."

I want the Minister specifically to answer these points.

Firstly why no action was taken when these serious irregularities were found out on the 23rd September, 1969 and the Government was put on the alert by the Special Audit. Secondly I want to know from him as to why Shri Patel was permitted to handle these bank affairs between 5th March, 1970 and 26th March, 1970. My third questions about the bank guarantee. I want to know specifically from the Minister as to whether it is not customary before the nationalisation of the Central Bank in their London Branch, for the high officers, like the managers, to issue these guarantees. How far were the customers of the bank aware of the fact that on plain paper guarantees could be issued by any officer like Shri Patel or Shri Hanna? These are the questions that I want to ask the Hon. Minister.

SHRI P. C. SETHI : As far as the question of Government not taking any action from 9th September, 1969 is concerned, I would like to point out that this question of knowing about any irregularities with regard to the branch of the Central Bank in London this is what I have said with reference to the head office of the Central Bank arose only when the head office came to know about the irregularities. The head office deputed the audit party in September, 1969. Therefore the question of government's coming into the picture or its not taking any action does not arise.

As far as the question of bank's supervision is concerned, it is certainly true that prior to nationalisation, as far as the particular branch is concerned, I should also like to educate myself on these points, whether there was a proper internal audit or whether there was proper supervision and inspection or not. This is a point which will have to be examined with a view to finding out whether there was a proper internal audit and supervision of these

foreign branches of the banks. As to whether prior to nationalisation this was done by the various head offices of these banks, I shall have to make inquiries, and we shall certainly have to look into this matter and streamline the whole position.

Therefore, there is no delay on the part of Government. As soon as the head office of the bank came to know about these things, they had sent an audit party.

SHRI RANGA : There was a delay of 20 days in accepting the resignation.

SHRI P. C. SETHI : As far as the issue of these letters is concerned, Shri Sradhakar Supakar had asked whether it was customary or not to issue such letters to the parties from the side of the banks I may submit that the system of exchange bills is a very well known practice and it is a very important document where a bank guarantee is taken. Therefore, there is a specific form as far as bank guarantee is concerned...

SHRI SRADHAKAR SUPAKAR : Bank guarantee or letters ?

SHRI P. C. SETHI : As I have said, there is a regular form for it, and, therefore it is not issued in the form of letters. Whether the officer concerned had the authority to issue those guarantees and whether he could do so in the form of letters, whether those letters are authenticated or forged etc. are all matters for inquiry, and a very delicate legal matter has cropped up. So, I would not enter into that and say that this should be done or not. I would only like to assure the House that we take all possible steps to see that proper investigations are carried out. With regard to the internal audit which the Central Bank's office has conducted, we would ask the Reserve Bank to go into the audit report although it is an internal audit report, and we would ask the Reserve Bank to apprise us of the facts, and when the facts are known, I would come to the House to apprise it about this matter.

AN HON. MEMBER : What about those letters ?