

Statement

12.03 hrs.

List of Countries where Nylon Tyres are Exported

1. Afghanistan
2. Abudavi
3. Australia
4. Austria
5. Burma
6. Behrein
7. Denmark
8. Ethiopia
9. Fizi Island
10. G. D. R.
11. Guyana
12. Hongkong
13. Iraq
14. Jordan
15. Kenya
16. Kuwait
17. Libaria
18. Malavi
19. Malaysia
20. Moritus
21. Muscat
22. Nepal
23. Nigeria
24. Panama Republic
25. Poland
26. Romania
27. Qutar
28. S. Vietnam
29. Saudi Arabia
30. Sieraleone
31. Sudan
32. Thailand
33. UAR
34. USA
35. USSR
36. W. Germany
37. Yugoslavia

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

Reported Misappropriation of over Sixty Lakhs of Rupees from the State Bank of India, New Delhi.

SHRI PILOO MODY (Godhra) : Sir, 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 :—

“The reported misappropriation of over sixty lakhs of rupees from the State Bank of India in New Delhi.”

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (VITTA MANTRALAYA MEN RAJYA MANTRI) (SHRI K. R. GANESH) : Mr. Speaker, Sir, particulars as are available of the incident that took place on 24-5-1971 are as follows :

At about 12.30 P. M. on the 24th May, 1971 Shri V. P. Malhotra, Chief Cashier of the State Bank of India, Parliament Street, took out a sum of Rs. 60 lakhs in hundred rupees notes from the currency chest of the State Bank of India, Parliament Street Office. According to the Officer-in-Charge of Cash, and the Deputy Chief Cashier responsible for the withdrawal of cash from the Currency Chest who gave the above information, Shri Malhotra told them that the money was needed for making some large payment. He is further reported to have told the Deputy Head Cashier that he would give him the relative voucher shortly. The money was taken by Shri Malhotra in the bank's staff car requisitioned by him from the Security Officer for some urgent official work. Shri Malhotra had the box containing Rs. 60 lakhs kept in the bank's car, drive it himself and took it to a short distance from the bank's office where he was allegedly met by some person, who sat with him in the car.

At about 2.30 P. M. Shri Malhotra accompanied by a police officer, came to the Parliament Street Police Station to report that he had fallen a victim to a fraud of Rs. 60 lakhs and the box containing the money had been shifted into a taxi at Sardar Patel Marg. The police investigation started soon thereafter.

At about 10.30 P. M. on 24-5-1971, the

entire amount, with the exception of a sum of Rs. 5,700 is reported to have been recovered from one Shri Rustam Sohrab Nagarwala who has been arrested by the police. Subsequently, at the instance of the accused a further sum of Rs. 2,600 was recovered from a friend of his. The accused was produced before a magistrate and has been sent for judicial custody. The police investigation is still continuing.

The State Bank of India authorities are separately looking into the various aspects connected with this incident. Shri V. P. Malhotra has been suspended by the bank management pending investigation. By an order of the court, the sum of Rs. 59,94,300 has been entrusted to the State Bank of India, under bond.

SHRI PILOO MODY : To begin with, I would like to make a complaint that the Minister's statement was handed to me only at 7 minutes to 12. In this particular case, it was not material because anybody who has read the newspapers this morning would have read more about it than what the statement says. You will note that the statement conveniently forgets to mention that Mr. Malhotra went to the Prime Minister's house. It also conveniently forgets to mention that at the Prime Minister's house, he was told that the Prime Minister is in Parliament House, at which point he comes to Parliament House. I do not know how the chief cashier of a bank can possibly have access to the Prime Minister's house and thereafter can wander into Parliament House and get confirmation of the fact that he has been duped. (*Interruptions*). I do not want Mr. Salve to defend the Government; I am sure Government is strong enough to defend itself. Nor do I understand how this cashier can come into this House, when all of us have so much trouble to get our friends and relatives into the galleries here, to ascertain that no such thing had happened and that he has been duped, then go to the police station and make his statement there. What is most fantastic is not the swindling part of it. People are swindling this country left and right a dozen times a day...

AN HON. MEMBER : People like you.

SHRI PILOO MODY : Not by people like me as is mentioned but by a great many

people in this very House, who do this from day to day. (*Interruptions*).

SHRI C. C. DESAI (Sabarkantha) : I object to this statement.

SHRI SEZHIAN (Kumbakonam) : He can speak for himself, not for others.

SHRI PILOO MODY : Mr. C. C. Desai is extremely sensitive. When the accusation was made against me personally, he did not object. But when it is made generally about members of the House, he becomes very sensitive. I do not think I should bother to reply to him.

MR. SPEAKER : You should not be so sensitive yourself also.

SHRI PILOO MODY : This is a most fantastic episode in the sense that I cannot understand how an *ad hoc* method like this can be employed to draw out such large sums of money from the largest bank of this country in this cavalier fashion. Who is this fellow Mr. Malhotra, who can get telephone calls purported to be from the Prime Minister's house, go to his bank, pull out Rs. 60 lakhs, walk away and give it to a man whom he has never met? Is this the procedure for any sort of financial transaction? Not only is this some sort of gross carelessness but a sort of blatant abuse of known practices for drawing money out of the bank.

I am sure that if such a thing could happen yesterday or the day before, it has been happening for a long time and this procedure must have been the accepted practice; otherwise, it cannot happen, and certainly not for a sum as much as Rs. 60 lakhs. How does it happen? Has it been happening in the past and, if so, for what purpose is this money being used? Is it being used, for instance, for arranging defections or is it being used for conducting elections? I would like to know what these funds are for, at the disposal of the Prime Minister, or anybody else for that matter. I would also like to know what is the purpose of these funds, what are the extent of these funds, who are to operate these funds and what is the procedure for their withdrawal and what is its accountability? Why is it that Parliament has no review over this money? Unless I get satisfactory answers I am compelled to deduce that there is gross mischief, gross misuse and gross misappropriation.

[Shri Piloo Mody]

As far as our friend, Shri Malhotra, the Chief Cashier, is concerned, I would like to know a few things. Is it true that Shri Malhotra had free access to the Prime Minister's house? Is he accepted there as a social worker, as a Congress worker.. (Interruptions). Sir, it is your job to keep order in this House; not mine; it is my job to be heard and speak.

MR. SPEAKER: May I exercise my discretion and say that you should strictly adhere to the subject matter? Do not be aspersive on others.

SHRI PILOO MODY: What do you mean by being relevant?

MR. SPEAKER: You are bringing in so many other names. Why don't you confine yourself to the point?

SHRI PILOO MODY: I want to know whether a certificate commending his services has been given to him by the Prime Minister Secretariat? Is it a fact that Shri Malhotra was deputed to receive gold and cash at the Prime Minister's residence from a company..(Interruptions)..and that money was later deposited in the bank? Is it a fact that the State Bank proposes to start a special service of delivering cash at the houses of VIPs and Shri Malhotra has been asked to prepare a scheme for the purpose? Has it been the practice in the past for the Prime Minister's Secretariat or any other institution of government to call for money to be delivered at particular places? I want answers to these questions and I think the answers to these questions would be in the public interest

THE MINISTER OF FINANCE (VITTA MANTRI) (SHRI YASHWANT-RAO CHAVAN): I certainly agree that it is fantastic and unbelievable that an officer of long standing, with more than 20 years of service, should act in such a stupid manner. If I may say so, it was something more than that. But I do not want to express an opinion at this stage. At the same time, I certainly do not understand the way the hon. Member has tried to bring in the name of the Prime Minister, making certain mischievous suggestions, which certainly does not become him.

SHRI PILOO MODY: It has appeared in every newspaper.

SHRI YASHWANTRAO CHAVAN: Whatever the newspapers may say, some of these matters are under police investigation. It is true that the Chief Cashier has certainly acted in a peculiar manner way. He claims that he went to the Prime Minister's house to verify the facts. When he learnt that the Prime Minister was not likely to return for lunch he tried to contact somebody else in Parliament House. When he was told that he had been duped, he naturally contacted the security officer who took him to the Parliament Street police station and the investigation started. And we must not overlook the most important point that is the manner in which the police acted so quickly and wonderfully for which they deserve our appreciation. Certainly I could say that I have gone into the procedure of withdrawal of money and I find that this man has not observed any single rule out of it. I do not know what happened to this man. It looks as though he acted under some charm. I would say that at this stage we should suspend our final views in this matter and allow the investigation to have its proper course. For God's sake, do not bring in the name of Prime Minister or malign that name merely because it politically suits you to do so.

SHRI S. M. BANERJEE (Kanpur): Sir, I was surprised to read the statement given to us. If you will kindly read the statement, it says:—

"At about 2.30 P. M. Shri Malhotra accompanied by a police officer, came to the Parliament Street Police Station to report that he had fallen a victim to a fraud of Rs. 60 lakhs and the box containing the money had been shifted into a taxi on Sardar Patel Marg. The police investigation started soon thereafter."

The hon. Minister has admitted that this gentleman, supposed to be one of the highest officials of the State Bank, the Chief Cashier, acted in a stupid manner. People can be stupid but this is not stupidity alone; this is something more than stupidity.

I would like to know from the hon. Minister whether it is a fact that he got a telephonic call from the Prime Minister's

House. Somebody might have used the Prime Minister's name—I do not take her name—but on a telephonic call from anyone in the name of the Prime Minister, can the Chief Cashier take out Rs. 60 lakhs in a staff car and just walk to the particular place? This is a sad commentary on the working of the State Bank. I would like to know from the hon. Minister whether he has referred the matter to the police authorities or to the intelligence department for investigation or whether this will be referred to the CBI for a further probe because it is not what appears on the surface but is more deep and there should be a proper inquiry by the CBI. Is he prepared to do that?

SHRI K. R. GANESH : This is a very fantastic and a very unbelievable story. The question that the hon. Member has asked is whether he got any telephone call. All that I can say is that these are matters under police investigation.

SHRI S. M. BANERJEE : We know more about it from the press report than from this statement given to us. We expected something more from the Government than this statement. That is why we gave this calling-attention notice. Shri Malhotra might have made some statement. What is his statement? That statement should be laid on the Table of the House so that we know what he has said.. *(Interruption).*

SOME HON. MEMBERS : Why has he not been arrested?

SHRI K. R. GANESH : As I submitted, this matter is under police investigation... *(Interruption).* He cannot expect me to answer what he wants me to answer. He cannot get that out of me.

SHRI S. M. BANERJEE : I do not want anything out of you; I want everything out of the Government.

SHRI K. R. GANESH : I would like to repudiate that there was any telephonic talk between him and any official from the Prime Minister's Secretariat. It is a fabrication and I want to repudiate it.

SHRI S. M. BANERJEE : I said, somebody might have wrongly used the Prime Minister's name. I never said that the telephone was from some official of the

Prime Minister's Secretariat. I do not accuse anyone.

SHRI H. N. MUKERJEE (Calcutta-North-East) : On the Prime Minister's telephone call, can the bank give out money?

SHRI K. R. GANESH : His second question was that the whole matter appears to be rather serious and very deep one. It is true that the whole matter appears to be a very fantastic story, the entire way in which the operation was conducted, the way in which the money was taken out and all that. All this requires serious consideration. I am sure the police will investigate all that.

SHRI S. M. BANERJEE : The amount is also fantastic; the story is equally fantastic; everything is fantastic. May I know whether the Government is prepared to refer it to the C.B.I.?

SHRI YASHWANTRAO CHAVAN : The investigating authority, certainly, is a matter of choice. I have no reason to doubt the efficiency of the police. The speed with which they acted, as a matter of fact, deserves appreciation from us. At this stage, when they are doing a wonderful job, why should we change the investigating agency?

SHRI JYOTIRMOY BOSU (Diamond Harbour) : Sir, I want to make a submission. Since the Prime Minister's name has been dragged to the press during the last two days extensively, I shall be putting a few questions and I would appeal to my friends not to get provoked. Since the Prime Minister's name has been dragged in extensively, let this House know the facts and get a correct position from the Government. There should be no provocation about it. I am not going to say anything against the Prime Minister. But I must place before the House certain things that have come to my notice.

Before doing that, I must agree with Mr. Chavan that the police may have done a wonderful job because they have detected it immediately. We must appreciate it.

Mr. Nagarwala is a man who has been a teacher half his life and he can never be a fit criminal. Perhaps, that is the reason why the police have been able to do a good job easily.

[Shri Jyotirmoy Bosu]

Mr. Malhotra, the Chief Cashier of the State Bank has been in service of the State Bank for over 20 years. He is not a new man, an unreliable man, nothing of the sort. He wanted a staff car from the State Bank Transport Officer without driver and any security guard. The Transport Officer told him that the Bank does not permit him to carry cash in a staff car and that it should go in a cash van which is specially guarded for locking the door from inside and in which safes are chained. He refused. He did not want to take a cash van or a security guard. This man some how in spite of the refusal of the Transport Officer managed to take it in an Ambassador staff car. Let this fact not be denied.

Then, no voucher was signed. I have seen banking operations at least in 12 or 15 countries. I must say that the State Bank rules are very much foolproof. It take it a surprise that in the State Bank rules such a provision exists by which a middle-cadre executive of the Bank can take away Rs. 60 lakhs from a strong room without the knowledge of the principal executive and without signing a voucher. There must be some super-power. That you have to find out.

Now, I am told by some persons who have had an opportunity, to work with Mr. Malhotra that he is rather a nice sort of a person who is anxious to help for any cause of anybody. I do not know if he is a Congressman and, if so, which variety of Congress. What is he I do not know. I am not going into that. But this much I have been told by people who are in the know of things, from reliable persons, that on behalf of the State Bank, he had been going to the Prime Minister's house for receiving contributions, etc. When the Indo-Chinese conflict took place, he had been going to the Prime Minister's house for collecting funds, etc. Let us take it for granted that Mr. Malhotra was not unknown to the Prime Minister. Mr. Malhotra was acquainted with the Prime Minister's office. We cannot deny the fact. The Minister can deny it. This gentleman used to boast amongst his friends saying, "I have frequent conversation with the Prime Minister. I know her and she knows me." He used to boast like that, etc. I take it for granted that he know the voice of Mrs. Gandhi.

MR. SPEAKER : You cannot go beyond

the scope of the Calling Attention Motion. You can ask any question on the factua side only.

SHRI JYOTIRMOY BOSU : I am not trying to throw any mud on anybody ; we don't do that. I want to know whether there is a special account that the Prime Minister is operating. It is done in every civilised country, by Prime Ministers, Generals, Chiefs of Staff, Chief of Intelligence, etc. They are required to operate such special accounts. We want to know if the Prime Minister was maintaining special account and we want to know what type of account was this, what was the source of the money and what was it meant for. Dharendra Brahmachari was caught with cash at Palam airport. I want to know whether the strong room and the vault was being used for keeping the excess election collection money of a particular party ; (*Interruptions*). I Just want to know one or two things.

MR. SPEAKER : Don't provoke others. You may say only to which is relevant.

SHRI JYOTIMROY BOSU : I am asking the Finance Minister to tell us this. Was the Prime Minister operating any special account with the State Bank ? If so, what is the source of the money ? I want to know whether the State Bank vault and strong room was being used for keeping the money which was not in the books of account of the State Bank of India, Parliament Street. These are all my questions. Thank you, Sir.

SHRI YASHWANTRAO CHAVAN : I may say that you are allowing your imagination to run rather too fast. There are no special accounts which are run by the Prime Minister. There was no question of the State Bank of India vault being used for any political purpose. This is possibly the technique that their party may be thinking of. But this is not what we do.

SHRI S. M. KRISHNA (Mandya) : It is unfortunate that the Prime Minister's name is dragged in this sordid state of affairs. Anybody can use the name of the Prime Minister. The case was made out by Mr. Mody and others that Mr. Malhotra went to the residence of Prime Minister.

Sir, all of us know, including Mr. Mody, that hundreds of persons go daily to Prime Minister's house and no body can prevent that. I hope this Rustam Sorab Nagarwala is in no way related to Mr. Piloo Mody. It is not in the fitness of things that Prime Minister's name should be dragged in this peculiar manner. I would like to ask the Minister about the rules that have been framed by the State Bank of India for withdrawals. Shri Malhotra happens to be a very senior officer. How could he violate every norm and every rule that has been framed by the State Bank ? This is for the first time that this has happened. It has been conceded that on very many occasions in the past, he had drawn much larger sums for disbursal.

I would like to know whether the Finance Ministry would go into this question of framing rules so as to see that this kind of thing does not happen and see that those rules are adhered to strictly without any disobedience so that such incidents could be prevented once and for all.

I join the hon. Finance Minister in paying compliments to the Delhi police. They have done a wonderful and excellent job, and this House must go on record to commend the service of the Delhi Police. Instead of trying to malign some highly placed officer or the Prime Minister, we should appreciate the services rendered by the police. I would like to know from the Finance Minister whether the rules will be looked in.o again so that such episodes would not occur again and again.

SHRI YASHWANTRAO CHAVAN : I think that is a good suggestion. But I may tell the hon. Member that even before we came here to answer this notice, we went into the exact procedures and rules which are followed. I think the rules themselves appear to be fool-proof, but if some body who is in charge of the whole procedure wants to over throw all the rules and act the way Shri Malhotra did, one does not understand what one should do. Even then, we have asked the Bank authorities to look into the matter further so that such things do not occur again.

श्री श्रीकार लाल बेरवा (कोटा) ; अध्यक्ष महोदय, पहले तो मुझे स्टेटमेंट ही नहीं मिला ताकि उसे देखकर कुछ प्रश्न कर सकूँ। और दूसरे यह कि मुझे दाल में काला नजर आता है

क्योंकि प्रधान मन्त्री सवाल के पहले ही उठकर चली गई। उन्हें यहाँ रहना चाहिए था। जब कालिग भ्रष्टेशन भा रहा है और प्रधान मन्त्री का नाम लिया जा रहा है तो वह उठ कर चली गई, इस से कुछ दाल में काला नजर आता है...(व्यवधान)...

MR. SPEAKER : This notice is addressed to the Finance Minister and the Minister in charge, namely the Finance Minister is here.

श्री श्रीकार लाल बेरवा : अब मे क्वेश्चन पूछता हूँ...(व्यवधान)...

THE MINISTER OF PARLIAMANTARY AFFAIRS, AND SHIPPING AND TRANSPORT (SANSADIYA KARYA TATHA NAUVAHAN AUR PARIWAHAN MANTRI) : (SHRI RAJ BHADUR) : May I know whether this particular insinuation is in order ? Can such an insinuation be made ? I think that it should be expunged.

SHRI PILOO MODY : Insinuation ? Absolute nonsense

SHRI RAJ BAHADUR : It is absolute nonsense only in the case of those who say that.

श्री श्रीकार लाल बेरवा : मन्त्री महोदय सफाई न दें। अध्यक्ष महोदय, मैं खड़ा हूँ, वह कैसे खड़े हो रहे हैं ?

अध्यक्ष महोदय : देखिए जब आप इधर से ऐसा करते हैं तो उधर से भी होगा, फिर मेरे लिए मुश्किल हो जायेगी...(व्यवधान)...

SHRI PILOO MODY : You must control the Minister of Parliamentary Affairs.

श्री श्रीकार लाल बेरवा : मेरा तो यही कहना है कि प्राइम मिनिस्टर उठ कर चली गई इससे कुछ दाल में काला नजर आता है।

अब अध्यक्ष महोदय, मैं यह जानना चाहता हूँ, शायद मेरी समझ में तो राष्ट्रीयकरण इसी लिए किया गया कि जब चाहे तब रुपया निकाल लिया जाय क्योंकि सरकार का सब

[श्री श्रींकार लाल बेरवा]

कुछ हो गया। बिना वाउचर और बिना चेक जब चाहे रुपया निकाल लिया। दूसरे, मल्होत्रा ने प्रधान मंत्री की आवाज को पहचाना तो इस का मतलब है कि उन से बातचीत होती रहती थी, कभी किसी चेक को भुनवाने के बारे में या रुपया निकालने के बारे में उनसे प्रधान मंत्री से बातचीत होती रहती थी, तभी मल्होत्रा ने उस आवाज को पहचाना और पहचान कर 60 लाख रुपये निकाला, बिना वाउचर और बिना चेक के निकाला और बेचारा कैशियर यह कहता रहा कि मुझे वाउचर दीजिए, मुझे चेक दीजिए, उन्होंने कहा कि प्रधान मंत्री मंगा रही है (व्यवधान)...

MR. SPEAKER : I was very hesitant to admit this call attention notice because this matter is under investigation. There are a number of newspaper reports. It does not mean that members can rely on everything contained in those reports. So he should not put it in this manner. He might say 'alleged statements',

श्री राम देव सिंह (महाराजगंज) : सदन को पूरा अधिकार है कहने का। उन को कहने से कैसे रोका जा सकता है?... (व्यवधान)

SHRI YASHWANTRAO CHAVAN : There is no truth in what has been said that Shri Malhotra used to have dealings with the Prime Minister and he used to talk with the Prime Minister. The Prime Minister's voice is known to every living person in this country because she talks in public meetings, on the radio and so on.

SHRI PILOO MODY : And to so many dead people also.

श्रींकार लाल बेरवा : ऐसा कहा गया कि रुपया निकाला और फिर वह रुपया नागरवाला को देकर प्रधान मंत्री से पूछने के लिए गये कि क्या आपने रुपया मंगाया? ऐसा अखबार में पढ़ने को मिला। तो मैं यह जानना चाहता हूँ कि नागरवाला ने जो प्रधान मंत्री का नाम लेकर रुपया लिया और मल्होत्रा ने प्रधान मंत्री

के नाम से रुपया दिया तो क्या प्रधान मंत्री के साथ ऐसी बातचीत होती रहती थी? क्या प्रधान मंत्री का कोई खाता था या कोई ऐसा सेफ डिपॉजिट वहाँ जमा है जिस के खाते में से या जिस हैड में से ऐसे रुपया निकाला जाता रहा है?

SHRI YASHWANTRAO CHAVAN : I do not know what to answer. His entire basis is some news report that he has seen. I do not want to comment on the newspaper reports because they are free to write what they think right or wrong. As a matter of fact, according to my information, Shri Malhotra never mentioned the PM's name, when the voucher was asked because he was trying to treat it as a very secret affair. He was only telling them : 'Why should you worry? I will give the voucher soon'. He went on telling this to the other persons who were asking for voucher (Interruption). I do not think any purpose will be served by going into this matter like this.

SHRI PILOO MODY : Whose account was it ?

श्री अटल बिहारी वाजपेयी (ग्वालियर) : मेरा व्यवस्था का प्रश्न है, श्री बेरवा ने एक निश्चित प्रश्न पूछा है कि क्या बैंक में प्रधान मंत्री का कोई एकाउंट था?

MR. SPEAKER : I am not allowing it.

SHRI YASHWANTRAO CHAVAN : There are only two accounts which the Prime Minister operates along with other persons. One account is held as a trustee of the Jawaharlal Nehru Memorial Fund with a fund of Rs. 3 lakhs which she is operating jointly with Dr. Karan Singh. The other account is the Vallabhbhai Patel National Memorial Fund in which there is a small balance of Rs. 7,000. The operators of this account are Shrimati Indira Gandhi, and Shri Atulya Ghosh, of all others.

SHRI PILOO MODY : Malhotra removed Rs. 60 lakhs from Mr. Chavan's fund !