

therefore, there is a reason for increasing the cost of the food rather than decreasing it.

SHRI IBRAHIM SULAIMAN SAIT: There is a general deterioration as far as the quality of food is concerned. Now we have introduced the container system and given up the thali system. I think, 30 to 40 per cent of the cost of food goes to the container and actually what food we get costs much less. The container is thrown away and this 30 to 40% goes waste. Will the hon. Minister consider to give up that system of container and introduce the *thali* system again? That is much more beneficial. The container system is neither economic nor hygienic. Moreover, there should not be monopoly of contractors. But in case there is going to be monopoly of railway system, the departmental monopoly is going to be dangerous. Therefore, there should a consideration for the contractors and the Department both, and both should be allowed to serve the passengers. There should be competition. Once there is competition, then alone quality food will be improved. If there is monopoly either of the Department or of the contractors, food is going to get deteriorated. Therefore, this should be considered by the Railway Minister.

SHRI GEORGE FERNANDES: Sir, I appreciate the general points that have been made by the hon. Member. I would like to put only one matter straight and that is the cost of the casserole. He felt that forty per cent of the money which the passenger pays for the food goes for the casserole. That is not correct. The cost of the casserole just now is Rs. 1.55. The vegetarian meal that is packed in it is served at Rs. 7 and the non-vegetarian meal at Rs. 9. I agree that is a fairly high price for the casserole and if you include the price of the little plastic or whatever tumbler that comes with it, which is also a disposable item, it comes to Rs. 1.85. But if you compare the price of the casserole with the investment in the *thali* and then the cost of keeping it in a proper hygienic, usable condition, I feel that it would either balance or perhaps weight more in favour of the casserole than against it. However, since the hon. Member

has made this suggestion, I will look into it, though my own feeling is, on the basis of the information that I have in my possession, that the casserole would be better proposition, more so because it is possible to serve hygienic food in the casserole. You can keep the food warm in the casserole and you can prevent all kinds of external pollution or any kind of dust, etc. settling on the food because of the casserole. So, the overall advantage, in my view, is in favour of the casserole and against the *thali*.

Payments to M/s Jyotsna Holdings Limited

*23. **SHRI. L.K. ADVANI:** Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) the outcome of the inquiry made by the Oil and Natural Gas Commission about payments made by M/s. Sumitomo Corporation to M/s. Jyotsna Holdings Limited with reference to conditions in the tender documents in respect of an ONGC contract;

(b) whether the ONGC had also sought legal advice in this regard for taking necessary action; and

(c) if so, the action taken thereon?

THE MINISTER OF PETROLEUM AND CHEMICALS (SHRI M.S. GURUPADASWAMI): (a) to (c). ONGC has obtained the opinion of the the First Additional Solicitor General of India. According to this opinion, the remuneration paid by M/s. Sumitomo Corporation to Jyotsna Holding Limited is in violation of Clause 31 of the Tender Conditions. He has further opined that action can be taken by not giving further business of ONGC to the consortium of Japanese Firms which functioned under the name of M/s. Sumitomo Corporation. ONGC have been instructed to take action accordingly. ONGC have also been advised to resort to arbitration or to file a suit for appropriate relief.

SHRI L.K. ADVANI: Sir, this question

relates to one of the major scandals that surfaced during the year 1989. Indeed, I am surprised at the answer that is given today in reply to my question because there were two parties involved in the scandal. First was M/s. Jyotsna Holdings, an Indian concern, about whose credentials in respect of this particular contract one knows anything, and the second was the Japanese firm Sumitomo Corporation. The reply given says that the ONGC has been instructed not to give further business of the ONGC to the consortium of the Japanese firm. So, the action is contemplated against the Japanese firm whereas there is no indication here of any action against the Indian firm, M/s. Jyotsna Holdings, about which the whole country was concerned. I would like to know in connection with the payments made, what was the amount paid to Jyotsna Holdings as commission in this deal. Is it a fact that this entire amount that Jyotsna Holdings received from Sumitomo was placed in foreign banks, in gross violation of FERA and is it a fact that the interest alone that Jyotsna Holdings earned out of this deal was more than U.S.\$ 6.3 million? What action is being taken in this regard? At least this answer does not give me any inkling of anything that the Government propose to do. All that it tells us is about the advice given by the former Additional Solicitor General of the country and on that basis the ONGC has been instructed?

SHRI M.S. GURUPADASWAMI: Sir, today I am at the receiving end. I used to ask similar question from the Opposition side in the Rajya Sabha along with my colleagues. Sir, let me make the position clear. Here I am bringing in GAIL. He has not asked that question at all. But they are linked. ONGC and GAIL they were not aware of any remuneration or commission paid to Jyotsna Holdings Ltd. till it was published in the national press in July 1988. And according to the Tender agreement, the bidder, that is, here, the Japanese Consortium, had to indicate at the time of bidding whether there was any agent or any representative, any remuneration paid on the contract. Then, if there a violation, the contract could be cancelled and further action also could be taken. But till

July 1988, till the matter was published by a national *daily-Statesman* in this case—neither the ONGC nor the GAIL was aware of this remuneration of Jyotsna Holdings Ltd. Then investigation started and according to the investigation, we came to know that there were tow agreements between Jyotsna Holdings Ltd. and M/s Sumitomo Corporation.

SHRI SOMNATH CHATTERJEE: You please place the two agreements on the Table of the House.

SHRI M.S. GURUPADASWAMI: That is for the Finance Minister to do. I am speaking on behalf of my Ministry. Since he has raised this vital issue, I am just sharing this information with my friends here. There were two agreements. According to one agreement concluded between Jyotsna Holdings Ltd. and M/s Sumitomo Corporation, 4.5% of the total F.O.B. contract had to be paid. That was called consultancy fee and it had to be paid in stages and payments were made in all instalments. In the second agreement concerning another fee, the compensation clause says that Jyotsna Holdings Ltd. is to 3.5 per cent of the F.O.B. value of the contract to be split up in three instalments. I have got this information from the Finance Minister. I am sharing this information with you. The Jyotsna Holdings agreement with M/s Sumitomo Corporation was not all known, was not at all in the knowledge of my Ministry and I further share my information with my friends that we had taken action immediately when it came to our notice. Investigation as started and unfortunately by the time we knew about it, they had already supplied all the materials required and nothing could be done. I have asked the ONGC and GAIL to start legal proceedings.

SHRI L.K. ADVANI: My question is not answered as yet. I asked what was the amount paid to Jyotsna Holdings? Is it a fact that this amount was kept in foreign banks in violation of FERA and is it a fact that the interest earned on this amount is more than 6.3 million US dollars? This is a very specific question and when I ask a question I am not

addressing it to any one single Ministry, I am addressing it to the Government, and therefore, I expect the Government to post the House fully with the matter which has been agitating the whole country for many months now. It is not just 10 days notice that I have given. The Government should have come to the House fully prepared with all the facts.

SHRI M.S. GURUPADASWAMY: Sir, I am speaking on behalf of the Government. That is why I am giving more information. And if I have been replying on behalf of my own Ministry, the information would have been very much limited.

Sir, about the total amount my friends has asked, I have got this information with me. In Indian rupees it amounts to Rs.6.5 crores and it appears that they deposited the whole amount in Eijoy Consultants Incorporated, London.

AN HON. MEMBER: Is it the interest?

SHRI M.S. GURUPADASWAMI: The interest cannot be that much.

SHRI JASWANT SINGH: Mr. Speaker, Sir, the hon. Minister has made a protestation of innocence of the ONGC and the Gas Authority in the entire matter and has suggested to the House that till such time as the newspapers divulged the fact, the Oil and Natural Gas Commission and the Gas Authority, by themselves were entirely innocent of how an agency had introduced itself into their affairs and in the process crores of rupees were shifted abroad. Sir, I would like to ask the hon. Minister a very specific question relating only to the functioning of his Ministry. I have here, Sir, in my possession a quotation, which is a quote from the agreement which has been arrived at between this infamous Jyotsna and the Sumitomo Corporation. A part of this agreement states that "Jyotsna Holdings Ltd. is obliged to provide Sumitomo Corporation with assistance, advice and other services which Sumitomo Corporation from time to time requests and otherwise uses the best endeavour of Jyotsna Holdings to assist Sumitomo Corporation in

the negotiation with the customers all for the purpose of successful conclusion of contracts". This is part of the agreement which is between Sumitomo and Jyotsna. Of course, the ONGC and the Gas Authority—to refresh the memory of the House, the contract concerned related to the supply of certain varieties of pipes. I will not go into the technicalities of those pipes. Now, if Sumitomo has gone to the extent of reducing in writing with Jyotsna about help, assistance etc. then I would like to know from the Government, because the Minister is protesting the innocence of the ONGC in the matter (a) how is Jyotsna technically qualified to assist a major international company like Sumitomo, in highly technical matters like supply of pipeline etc. (b) If Jyotsna is not so qualified then what did the ONGC or the Gas Authority of India, on whose behalf ONGC was acting, do to ensure that the nation is not defrauded by either the multinationals or by national companies of very dubious reputation?

AN HON. MEMBER: Why should you defend the previous Government?

SHRI Y.S. RAJASEKHAR REDDY: Because there is nothing against the previous Government. (*Interruptions*)

SHRI M.S. GURUPADASWAMI: I have to agree, it is a clear case of concealment.

SHRI L.K. ADVANI: Then pursue it. Don't take action only against the Japanese firm. (*Interruptions*)

SHRI JASWANT SINGH: With the permission of the hon. Minister, Sumitomo after all is a highly technical and major international concern. The Hon. Shri Lal K. Advani was very reticent in the choice of his words. It is like cutting your own nose to spite yourself. It hardly benefits the Government to punish Sumitomo for an offence which is committed by an Indian company and ONGC.

SHRI M.S. GURUPADASWAMY: Sir, I also say that M/s. Jyotsna Holdings had no technical competence or expertise to advise Sumitomo on such matters, I am told M/s.

Jyotsna Holdings was dealing with supply of aircraft for the Delhi Flying Club. Therefore, I do not want to elaborate on this. But, it is true M/s. Jyotsna Holdings had no technical or professional competence to advise Sumitomo on such matters. Regarding the implication of the question of my friend, what the ONGC or the GAIL did not why were they sleeping, I have already replied. As soon as it came to their notice, the investigation was started and both the Attorney General and the Additional Solicitor General were approached in this matter. Both of them have given their opinion and we have taken action. Regarding another implication as to whether there was any collusion between my Ministry and M/s. Jyotsna Holdings, if there is any evidence or any proof on this matter, I am going to take action against any official or officials concerned. I have already instructed my Ministry to find out whether there is any proof in the Ministry itself. If any hon. Member here can give any evidence or any material in this regard, I am going to take action.

SHRI SOMNATH CHATTERJEE: Mr. Speaker, Sir, It was supposed to be a commercial transaction between ONGC and GAIL on the one side and the Japanese concern on the other side. In that commercial transaction and the negotiations that preceded that, what could be the scope for any middlemen, if the transaction was done and the contract was entered into in a proper manner? Therefore, I do not appreciate how the hon. Minister says that the ONGC or the GAIL did not know anything about it. Unless there was a scope for intervention by middlemen like M/s. Jyotsna Holding—and that scope could only be made by the ONGC officials or GAIL officials here—there could not have been any intervention by any middlemen. Therefore, I would like to ask the hon. Minister not to accept the protestations of the innocence that may be made by his Ministry and to go deep into this matter to find out how could there be a scope for intervention or appearance of a middlemen in the scene. Further, I would like to ask him to assert what has been done by the Finance Ministry with regard to the money that

was illegally kept in foreign banks by M/s. Jyotsna Holdings whether it has been repatriated and what action has been taken with regard thereto, because there is admittedly violation of FERA.

SHRI M.S. GURUPADASWAMY: Sir, taking the last point which my friend has made whether there was any violation of FERA and whether there has been a full repatriation of this money from the London bank to India, I think, he should address this question to Finance Ministry. The second part of the question was whether the Ministry is protesting innocence. By implication, he says, it is a cover up. Unfortunately, this has happened. But, if I come to know anybody in my Ministry as being in collusion with Sumitomo in the matter of employing middlemen, I am going to take very severe action. The enquire is going on. That is why, I pleaded with my hon. friends, if there is any material available with you, to pass it on to me I will take action.

Finally I will say that we have asked Sumitomo to explain their stand on the issue. They have said, 'It is true, we have appointed Jyotsna Holding as consultant.'

SHRI SOMNATH CHATTERJEE: They were asked to appoint.

SHRI M.S. GURUPADASWAMY: Our Additional Solicitor General has gone on record to say that they were not competent to be consultants. They might be extending liaison services and therefore, they should be regarded as agents. He has said that. Therefore, it is on record. We have taken note of this.

May I say finally that my friends have asked certain questions regarding FERA violation and Income-tax. They should put these questions to my hon. colleague, Prof. Madhu Dandavate.

[*Translation*]

SHRI MADAN LAL KHURANA: Mr. Speaker, Sir, from the fact brought to light

with regard to Jyotsna Company, one thing is certain that the officials of the Ministry concerned as well as the previous Government were involved in the deal. The opinion of the Solicitor General is also pretty old one. On that basis, as has been rightly pointed out by Shri Advani, clarification has been sought from the Japanese Firm only. I would like to know as to what action has been taken against the Jyotsna Company? I would like to know whether under the change circumstances the Government proposes to hold a fresh enquiry after seeking the opinion of the new Solicitor General and take any action thereafter?

Besides, I would like to know the names of the Chairman, and the Managing Director of the Jyotsna Company.

[*English*]

SHRI M.S. GURUPADASWAMY: I answer the last part of the question. I have with me the name of two directors of M/s. Jyotsna Holding Company One is the wife of Mr. Lalit Suri.

[*Translation*]

SHRI MADAN LAL KHURANA: I would also like to know whether she is the same person who had exported rice and thereby swindled crores of rupees?

SHRI JANARDAN TIWARI: This matter may please be enquired into There is lot of bungling in it.

AN HON. MEMBER: A committee of the House may please be constituted for this purpose. (*Interruptions*)

[*English*]

MR. SPEAKER: Take your seat please. The Minister is replying.

SHRI M.S. GURUPADASWAMY: One is the wife of Mr. Lalit Suri, Mrs. Jyotsna; another is, Ms. Raj Kumari Nanda, mother-in-law of Mr. Lalit Shri.

I may give further information. Their equity capital is about Rs. one lakh. (*Interruptions*)

MR. SPEAKER: I go to next question. Shri Mullappally Ramachandran.

(*Interruptions*)

Kayamkulam Thermal Station

*24. SHRI MULLAPPALLY RAMACHANDRAN: Will the Minister of ENERGY be pleased to state:

(a) whether the work on the Kayamkulam Thermal Power Station in Kerala has been completed;

(b) if so, when it is to be commissioned;

(c) the total allocation provided for this project;

(d) the countries assisting in setting up the station; and

(e) whether Government have any proposal to set up a thermal plant in North Kerala and if so, the details thereof?

THE MINISTER OF ENERGY AND MINISTER OF CIVIL AVIATION (SHRI ARIF MOHAMMAD KHAN): (a) to (e). A Statement is given below:-

STATEMENT

(a) No, Sir.

(b) The project is expected to yield benefits towards the end of the Eighth Plan period.

(c) An allocation of Rs. 5.20 crores exists in the Budget Estimates for the year 1989-90 for this project.

(d) The project is to be implemented with Soviet assistance.

(e) A proposal of the Kerala State Elec-