

**GOVERNMENT OF INDIA
INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:4826
ANSWERED ON:26.04.2000
CMC IN LONDON
RAM TAHAL CHOUDHARY

Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

- (a) whether a C.M.C. office has been opened by the Government in London despite the enquiry being conducted by the CBI against the said office;
- (b) whether certain irregularities have been committed while opening the said office; and
- (c) if so, the type of irregularities committed and the action taken by the Government against the persons involved therein? THE MINISTER PARLIAMENTARY AFFAIRS AND

Answer

MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN)

(a) CMC Ltd. had a non-trading office in London which was set up in 1987. Subsequently, with the expiry of RBI approval this office was closed in 1992. CMC therefore proposed to enter into marketing arrangement with BRI Europe, a UK based company. This arrangement envisaged a joint venture between BRI(E) and BRI Inc. USA, a wholly owned subsidiary of CMC in USA. Subsequently some misconduct and irregularities were found in the formation of BRI Europe and in this context financial irregularities on the part of Company's London Office also came to notice. The matter is being investigated by CBI separately.

CMC has a number of projects in UK/Europe. For continued and sustained business in future, it has to frequently bid/compete with other international IT companies. For this purpose, Company's presence is required in UK/Europe. It was in view of this that CMC approached Government for opening a trading office in London. This permission has since been granted. Accordingly, CMC has registered its branch viz. CMC informatics UK with Companies House UK. This office has yet to start its operations.

(b) No, Sir. After registration of their branch office, CMC approached their Bankers, viz. State Bank of Bikaner and Jaipur for remittance of foreign currency out of their EEPIC account. While conveying the approval, State Bank of Bikaner and Jaipur also endorsed a copy of this to RBI. In turn, RBI linked their present case to the erstwhile London office of the Company whose transactions are under investigation by CBI. CMC has since clarified the position to RBI and their reply is awaited.

(c) Does not arise.