

allowed to gather at the site and perform various rituals all day and family members of the murdered unfortunate girl, are collecting money. Although there is a police picket at that place but they are not instructed to stop the worship and collection of money. They are only registering their presence and nothing else.

Whereas the police is totally inactive in preventing glorification of sati and collection of money, they are very active in preventing outside visitors from taking photographs and collecting other information from villagers on the subject. The whole issue of worship and collection of money is illegal. The reason for inaction can only be the fear of alienation of the powerful Rajput votes of the area. There is no hope that with the passage of time, interest in this Sati and *ipso facto* in the temple will play itself out. Stern action to prevent this glorification of Sati and collection of money is the need of the hour so that this barbarous custom is confined only in dictionary of words.

12.25 hrs.

DISCUSSION UNDER RULE 193

[English]

Report of the Joint Committee to enquire into Bofors Contract

MR. DEPUTY-SPEAKER: We will go to next item. Discussion under rule 193. Shri Jaipal Reddy.

PROF. MADHU DANDAVATE (Rajapur): Before he begins the discussion, I want to point out to you on Bofors discussion, on various aspects, the Prime Minister is very much concerned. But we find that he is not present for such a serious debate.

MR. DEPUTY-SPEAKER: The Defence Minister is here.

PROF. K. K. TEWARY (Buxar): It is a debate in the House. I strongly protest against the insinuation of Mr. Dandavate.

PROF. MADHU DANDAVATE: He has made several statements and policy pronouncements.

PROF. K. K. TEWARY: It stands in the name of Shri S. Jaipal Reddy, and, as in the past, the discussion must go on. He has no ground for saying this. (*Interruptions*).

MR. DEPUTY-SPEAKER: Order please. Any-how, the Defence Minister is here.

(*Interruptions*)**

MR. DEPUTY-SPEAKER: No. Order, Order. Defence Minister is here who will look after. It is not necessary to discuss this point.

(*Interruptions*)**

MR. DEPUTY-SPEAKER: Nothing will go on record. Only Mr. Jaipal Reddy's speech will go on record, not others. I do not want any discussion.

SHRI S. JAIPAL REDDY (Mahbubnagar): Mr. Deputy-Speaker, Sir, I can understand the studied absence of the Prime Minister for it carries its own profound significance.

Sir, today, I rise to speak more in anguish than in anger. If Bofors kickbacks is the biggest scandal (*Interruptions*)

MR. DEPUTY-SPEAKER: Please Order. The Minister is on his legs. I am not allowing anyone except the Minister.

THE MINISTER OF DEFENCE (SHRI K.C. PANT): I thought, Mr. Jaipal Reddy knows that the President of Afghanistan is coming today, now. Therefore, both Prof. Dandavate and Mr. Jaipal Reddy know that the Prime Minister has to receive him and there are discussions. Therefore, there should be at least enough charity between us to accept the facts as they are. These are the facts. (*Interruptions*)**

MR. DEPUTY-SPEAKER: No. Nothing will go on record.

SHRI S. JAIPAL REDDY: If Bofors kick-backs is the biggest scandal in free India's history, the JPC report may well be described as the biggest white-wash in the Parliamentary history of the world. It is a classic case of white-wash and hog-wash which has left indelible stains on the walls of Indian Parliament and generated such stink that has filled the nostrils of 750 millions of Indians. I have nothing but to envy and admiration for my senior and distinguished colleague, Shri Shankaranandji and his esteemed colleagues and the Joint Parliamentary Committee for the equanimity, composure and restraint they have shown in the face of frontal, brutal assault by the villainous opposition and vicious press. It is axiomatic that the House Committee had the same privileges and same powers as the august House itself. What is more, the proceedings of the House Committee should be kept confidential. Anybody seeking to breach the confidentiality of the proceedings is liable for breach of privilege. Ulterior motives cannot be attributed to the Members or the Chairman or the Committee.

SHRI SHANTARAM NAIK (Panaji): You have just now attributed motives saying it is a white-wash.

SHRI S. JAIPAL REDDY: The proceedings in this case have been reported right from the day -- go.

PROF. K. K. TEWARY: From the word 'go'.

PROF. MADHU DANDAVATE: He is only doing the job of spelling correction. That is all.

MR. DEPUTY-SPEAKER: He is English Professor.

SHRI SOMNATH CHATTERJEE (Bolpur): He is almost a professional heckler.

SHRI S. JAIPAL REDDY: Malignant and malevolent motives were attributed to the JPC. Abuses have been heaped on it. JPC has been pilloried, lampooned and exposed to ridicule and condemned. Yet, the JPC has not invoked that last weapon in

the Parliamentary arsenal, the Vajrayudha -- the privilege against the people who did all this.

I would like to know whether this remarkable restraint on the part of the JPC and its compassionate Chairman, Shri Shankaranandji...

AN HON. MEMBER: It is a white-wash.

SHRI S. JAIPAL REDDY: Is it the result of Christian charity or guilt complex? Is it also a part and parcel of a premeditated attempt at massive and comprehensive cover up?

Indian Parliament has travelled a long way from the days when Mr. Mudgal, a Member of Parliament was expelled from this House at the initiative of late Prime Minister Shri Jawaharlal Nehru on the charge that he had taken a bribe of Rs. 5000/-. What a fathomless fall, my countrymen, for the Indian Parliament, from the expulsion of Mr. Mudgal to the exoneration of Bofors. (*Interruptions*)

What is important and instructive to note is that Bofors is not a mere case of corruption. It is a case of sedition because it is a case of bribe taken in a Defence deal, not from some local capitalist but from a foreign firm, not in India but abroad, not in Indian rupees but in foreign exchange, not deposited in India, but stashed away abroad. (*Interruptions*)

SHRI SHANTARAM NAIK (Panaji): Is he discussing the report or submitting his own report? (*Interruptions*)

SHRI SAIFUDDIN CHOWDHARY (Katwa): He is discussing the very report. (*Interruptions*)

SHRI S. JAIPAL REDDY: The person involved, whoever he may be, is Jaichand and Mir Jafar rolled into one. Why do we say this? (*Interruptions*)

At the time of Jaichand or Mir Jafar, it is significant to note that the concept of nationalism had not been developed, much less comprehended or assimilated. If that

guilty person is in a top position, then he is highly vulnerable to the dangerous blackmail of Bofors, Hinduja, Chadhas and every other international agency.

PROF. K. K. TEWARY: Why have you left out Chandraswami? (*Interruptions*)

SHRI S. JAIPAL REDDY: I am including Chandraswami because he is supposed to be in possession of secrets affecting the security of the topmost person in the country. That person if he continues to be in power, is a serious and tremendous security hazard to the nation. I state this with all sense of responsibility.

After going through the report, I am convinced that the uncanny wisdom of the entire opposition to keep off the Bofors Committee has been vindicated with retrospective effect, resounding effect.

SHRI K. C. PANT: How ?

SHRI S. JAIPAL REDDY: I will come to that, Pantji (*Interruptions*)

That Opposition, outnumbered by the purblind Congress (I) Members with their brute majority on the Committee, would have met more or less the same fate as Mr. Aladi Aruna did. What did the JPC do? It exonerated everybody ranging from Prime Minister, Bofors, Hinduja to Chadhas. The tragic irony is that it exonerated everybody but it stood self-condemned. How the inquisitorial Committee that is what it was called - functioned is a conspiratorial fashion has been described in all lurid details and a vivid fashion by Mr. Aladi Aruna. The Parliament of India and the people of India, will be grateful to him

Apart from the various and specific failures referred to in the Note of Dissent of Mr. Aladi Aruna - I am presuming that all the Member have read the report. If presumption is unwarranted, I may be forgiven I would like to draw your attention to its failure to take the evidence of the Prime Minister. The Prime Minister negotiated the deal personally, directly as the Defence Minister. The Committee failed to take the evidence of the then Minister of State Mr.

Arun Singh. I do not know whether Mr. Arun Singh values friendship with the Prime Minister more than the security of the country. He was also not called for evidence. This Committee did not call many persons, as has been referred to in the Note of Dissent. What has been referred to in the Note of Dissent, I am avoiding to that to save my time.

I may refer to another major lapse. We have a Constitutional Institution called the Comptroller and Auditor General of India. They only got a note from the CAG to say that the details which were available to them did not enable the CAG to make any professional audit comment. Ultimately this matter has to go to the CAG. The point I am trying to make is that the financial implications of the deal, the irregularities of the deal, could have been best examined by the Comptroller & Auditor General. But all the necessary papers were not made available as a consequence of which the CAG had to say that they were not competent to make any professional audit comment on this.

The report complains that nobody came to give evidence. Did the Committee put the people on notice? Did they invite experts? Somebody like Gen. O. P. Malhotra, former Army Chief, with his background of army runner could have been invited. One person who deposed before this Committee was Maj. Gen. T. P. Singh. It may be recalled that it was he alone on the Mayadas Committee, who preferred the Bofors gun to all other guns. Mr. T. P. Singh is still only a Maj. Gen., but he has been allowed to occupy the office of the Director General of Weapons and Equipment at the Army Headquarters. The rank of this office is that of Lt. Gen. How is it that Mr. T. P. Singh, with the rank of Maj. Gen., was allowed to occupy this office? Was it because he was the only genius on the Mayadas Committee with the powers of prescience and clairvoyance to see that this gun would be ultimately preferred by the Government -- as far back as in 1982? What is remarkable is that the versions of the Government of India, Bofors, Chadhas and Joint Parliamentary Committee are totally identical. It is a classic illustration of

[Shri S. Jaipal Reddy]

political orchestration. This great orchestration did not lead to any melodious thematic harmony but only to a deafening immoral cacophony (*Interruptions*)

The unholy, nay, guilty hurry with which the JPC abruptly concluded its proceedings in the face of annihilating expose of six documents by the *Hindu* and the Swedish Radio linking Hinduja's to payments via Moineao, Moresco, Pitco and Sangam Limited firms the real anti-climax (*Interruptions*)**

MR. DEPUTY-SPEAKER: Nothing will go on record.

SHRI S. JAIPAL REDDY: We know the connections of Bachchans with Hinduja through its Hinduja Foundation based in Bombay. We know connection of one Italian friend Mr. Walter Winci with Hinduja's. We also know the contacts that Walter Winci has with that Company Fiat Iveco. If the JPC had the will to find out the truth, it could get to the bottom of the truth through these connections. But then... (*Interruptions*)

SHRI K. C. PANT: Had you joined the Committee you would have had that advantage. But you didn't. You missed the bus.

SHRI S. JAIPAL REDDY: Bofors gave certificate not only to Bachchan family but also to the Prime Minister's family. What is more, they gave certificates to Hinduja's family also. Now, we know the value of certificate of Bofors. Hinduja's have been exposed. It will not take long for the other two to be exposed to the marrow of their bones. Now, I am afraid Bofors can give a clean certificate to the Joint Parliamentary Committee also. The documents published by 'the Hindu' -- the six documents in all -- the authenticity of these documents was not challenged by the Bofors company, by the Swedish banks. On the contrary, one of the Swedish prosecutors confirmed the authenticity of the document.

Coming to the question of guns, I am not among those who consider Bofors guns to be a bad gun. But I can state without fear of consideration, without any qualm of conscience that Bofors gun was not the best gun. Sir, French gun was considered the best for full four years. On 24th August 1984, in February, 1985, in March 1985, the Army Headquarters recommended the French gun as the best and accorded only the second status to the Bofors gun. General Sundarji was very consistent for four years from 1982-85 December 31. He considered French gun to be the best gun. Our former late Army Chief General Vaidya as late as September 1985 considered French gun to be the best gun. But in the meantime, one wonderful change took place. That is this. Our Prime Minister took over the Defence Portfolio from Mr. P. V. Narasimha Rao for whom I have great respect. I hope, I am not damaging the prospect of his continuance in the Ministry.

Sir, the French gun was considered far superior to the Bofors gun certain concrete specific reasons. I am referring to certain unquestionable facts admitted in the JPC report. The range of French gun was higher. It was twenty nine and odd km while the range of Bofors gun was only twenty one and odd km. It was superior to the Bofors gun in traverse, in size and in ground clearance.

Above all, Sir, different kinds of ammunition, the two vehicles, the computers and gun equipment all these things were available from one single firm in France, Sofma. This was not the case with Bofors gun. Many things are to be purchased from Norway, United States, Belgium and many other countries. Apart from this we must take another vital security consideration into account. We all know that the Swedish laws do not permit export of weaponry or their spare parts at the time of hostilities. This point was made by the Army Headquarters repeatedly. I have read a news item recently that the Norway company is standing by that and has reiterated it.

Sir, the Bofors gun began to shine better and brighter for the Army Headquarters after Mr. Rajiv Gandhi took over as Defence Minister. Their entire perspective and vista had undergone a sea-change. Now the rationale offered for this somersault is that they came to know that Pakistan had acquired a new radar from U.S. When did they come to know? The JPC report deliberately does not mention the date on which the Government of India came to know of this acquisition of radar by Pakistan. Because of this the burst fire element of Bofors gun became very important. What is the difference in the burst fire between Bofors gun and the French gun? It is only one and a half seconds. On 17th of February the Army Headquarters for the first time gave first preference to the Bofors gun. Why and how? Because sometimes in November-December the negotiating finance committee headed by Mr. Bhatnagar, Defence Secretary appointed three working groups one of which was to go into the technical aspects. Where was the need to appoint working group to go into the technical aspect? Mr. Bhatnagar, Sir, I should say is a very experienced man. He is the man who negotiated the deal with HDW company. He is the man who negotiated the deal with Bofors. And he is the man who has had something to do with the investigation of both the deals. How can I, therefore, question his vast, varied and rich experience?

It was on 17th February, as I said, the Army Headquarters preferred the Bofors gun. Look at the alacrity of the Price Negotiating Committee. On 18th February within 24 hours - the Price Negotiating Committee took a decision to entrust ammunition to the selected gun manufacturers. Ammunition, let us note, Sir, accounts for 52 per cent of the total value of the contract. That means, the gun manufacturer had already been selected. So, the contract of ammunition was to be awarded. But the Prime Minister, I must say, is really armed with extraordinary prescience. He knew which gun would be selected even earlier. In January, when he met Olof Palme in New York, he discussed the question of avoiding middlemen be-

cause he knew that Bofors gun would be selected. (*Interruptions*). I would like to know whether the Prime Minister discussed the question of gun deal with President Mitterand. I do not know if he discussed the question of Mirage deal. He might, well, have done that. I would like to know whether he discussed the question of gun deal with President Mitterand, which until January was the most preferred gun.

Coming to the financial aspects, this was never evaluated, as I said earlier, by the Comptroller and Auditor General. As has been pointed out, the Swedish offer of credit was only 50 per cent in Swedish Kronors. The remaining 50 per cent is to be in Deutsche Marks. And the Committee noted that this is a negative factor against the Bofors gun. Yet it made no difference to the JPC to say that the Bofors was cheaper. It was not. I challenge. It was not cheaper at all though marginal difference in cost can never be the consideration for selection of any weapon. I can say that in principle.

Sir, whether this payment of Rs. 64 crores is commission, winding up cost or bribe or remuneration -- to put in the words of my telephonic friend, Mr. Win Chaddha -- needs to be determined. (*Interruptions*).

He spoke to me twice on telephone. He called me names. The JPC did not have courtesy to call me before it to find out what he told them was correct or not. (*Interruptions*)

It was the National Audit Bureau which established by June 4th that it was not winding up cost and that it was commission. When the Bofors officials -- Morberg and Gothlin, who were treated as heads of nation in this country -- were asked about this, they said, you know, in the Swedish Bank, there is a number for the word 'commission'. But there is no number for the words 'winding up cost'. I think, Bofors company has many new Johnsons who can create new phrases.

13.00 hrs.

I would like to bring to your notice that it was as early as 24th April, 1987....

MR. DEPUTY SPEAKER: Now it is 1 O'clock.

SHRI S. JAIPAL REDDY: I beg for some more time.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT): We may skip the lunch hour and continue with the debate.

MR. DEPUTY SPEAKER: I hope the House will accept this suggestion. We will skip the lunch hour and continue with the debate but try to be brief.

SHRI S. JAIPAL REDDY: After lunch, I can continue.

MR. DEPUTY SPEAKER: No. You continue now but be brief.

SHRI K. C. PANT: Instead of having lunch, he can eat his words.

SHRI S. JAIPAL REDDY: That is what you will ultimately do, Mr. Pant.

PROF. MADHU DANDAVATE: He eats his words but you swallow them.

SHRI S. JAIPAL REDDY: Prime Minister knew the fact that payment had been made by as early as 25th April, 1987. That was within 9 days of the Swedish Radio broadcast. How is it that the National Audit Bureau Report says that Bofors company was good enough to tell the Government of India through its Ambassador that payment had been made to three companies in the area of consultancy and counter purchases. For the Prime Minister -- I am referring to the point of my leader, Prof. Dandavate -- The Prime Minister knew it on 25th April 1987 but he mislead the Parliament, both the Houses of Parliament,

the people of India saying that "produce the evidence. You don't give me the proof, produce the evidence of a pay-off, commission, I will give the proof and as the Prime Minister it is his responsibility to see that proof is provided." The evidence was provided to him by the Bofors company itself by 25th April, 1987.

I may bring to your notice another valid point. On 25th April, 1987, the Bofors did not call it winding up costs. Bofors called it winding up costs when it was examined by the National Audit Bureau which means this wonderful long winded, high sounding expression. Winding up costs is nothing but a criminal after thought on the part of the Bofors. Now that we know from the National Audit Bureau Report that that was not winding up costs but commission which is only an euphemism for bribe. What did the JPC report say? JPC Report does not agree that it is commission, and is thus more loyal than the King. Therefore, I say that Bofors would give certificate to JPC. The fact has been established that such a huge amount of Rs. 64 crores has been paid to three companies, M/s. Svenska Inc. Panama, M/s. AE Services and M/s. Moincoy SA Lussanne. The CBI has done some job, though I do not think it did an exhaustive job. What did it say? The CBI Report conclusively established that all these three companies are sham companies, bogus companies, front companies registered in tax havens obviously for the purpose of tax avoidance and secrecy. They referred to one Mr. La Fonte, an employee of one bank. It was found by the CBI that he was not an employee of that bank. One company's directors were all innocent poor ladies. What do these things show? Bofors Company says that they will not disclose the identity of these companies because of clause of commercial confidentiality. Wonderful clause. It suits our Prime Minister and the Government very well.

The National Audit Bureau report was released on 4th June, 1987. In the second week of June, 1987 -- Pantji should not get mixed up about the year -- before he met the opposition leaders in June 1987, he

told the press that the contract of Bofors would not be cancelled under any circumstances. Now why should Bofors feel obliged to disclose the secrecy? That means our Prime Minister himself was trying to assure them that the refusal to disclose secrecy would not in any way hurt them. Is it the way to exert pressure on the Bofors to disclose the identity of these companies? And Svenska is a letter box company; that is the finding of the CBI.

The Chairman of Nobel Industries, which is the parent company of the Bofors Company, stated in an interview to Swedish Radio that bribe might have been paid and it might have been paid to India. When the worthies of Bofors Company who deposed before the JPC were confronted with this, what did they say? They said: "May be our Chairman did not go prepared when he talked to the press. We cannot comment on the statement of our Chairman who is our boss. But so far as we know, it is not correct."

JPC Members chose, of course, to put, what I may say, lollipop questions. Whenever they said, they could not reveal, JPC was not prepared to pressurise them.

Now, we have the statement of Attorney-General. No doubt, Shri Parasaran is the most distinguished Attorney-General that free India has ever had. Judging from the quality of the statement he made before the JPC, judging from the role he played as *amicus curiae* in Andhra Pradesh High Court, I have no doubt in repeating that he is the best Attorney-General we have ever had. It is clear that the hands of the topmost person have been trapped in the tilt. The last word, I may assure Shankaranand Ji, through you, Sir, has not been said by him. Many fingerprints, many tracks have been clumsily left behind.

The leaders of Government may have been exonerated by the JPC, but they stand convicted squarely in the peoples' court of India. The ghost of Bofors scandal will keep haunting you to your political graveyard. The plot is just now thickening; noose is tightening, the zero hour is draw-

ing to a close. The enquiry by the Constitutional Committee of the Swedish Parliament is still on.

Pantji, I am sure, is squirming in his seat; Shankaranand ji must be doing that even more.

PROF. MADHU DANDAVATE: He is developing cold feet.

SHRI S. JAIPAL REDDY: Mr. Win Chadha admittedly was an agent of the Bofors from 1978 to 85. He called himself a representative. I do not know the semantic distinction between the two expressions. Mr. K. K. Tewary with his Bihari knowledge of English should be able to tell.

PROF. K. K. TEWARY: You have already demonstrated your Andhra ignorance in plenty.

SHRI S. JAIPAL REDDY: Mr. Win Chadha when he arrived in India was treated as VVIP. Even today, next to the Prime Minister of India one man who has the largest number of policemen safeguarding security is not Buta Singh but Mr. Win Chadha.

Even as cover ups go, the JPC report is a poor cover-up. Now, I only hope and trust that this report is not an end of the matter but beginning of a new process and a prelude to new disclosure and new exposures. Sir, I can only pray that the guilty who have been able to hide their faces behind the series of shell companies will eventually be traced. Even if they are not traced, the country knows who the guilty are.

MR. DEPUTY SPEAKER: Prof. K. K. Tewary.

(Interruptions)

MR. DEPUTY SPEAKER: Please order.

PROF. K. K. TEWARY (Buxar): Mr. Deputy Speaker, Sir, my esteemed colleague Mr. Jaipal Reddy, as usual... (Interruptions)

MR. DEPUTY SPEAKER: When I informed the House, the whole House accepted it and now you are raising the question of Lunch.

SHRI V. SOBHANADREESWARA RAO (Vijayawada): Sir he can speak after lunch... (*Interruptions*)

MR. DEPUTY SPEAKER: No. We have already announced in the House and all of you agreed to it also. Therefore, we will now continue with this.

PROF. K. K. TEWARY: Mr. Deputy Speaker, Sir, as usual, my esteemed colleague, Mr. Jaipal Reddy took immense delight in wallowing into his self created muck. About his impatience rigmarole that he subjected the House to, I have nothing much to say but if you can look at the speech and the refrain in the speech, namely his attempt to drag in everybody, right from the Prime Minister down to all senior Officers in the Government, not even excluding the Chief of the Army staff on whom he has cast aspersions. He has also not spared the Attorney General. So, the speech I am sure is the part of their earlier attempt not only to denigrate this sovereign House of Parliament which also represents the people of this country, but also to denigrate every single institution which we have built up through our sacrifices and not through the support of Hershman and Swedish radio. The beginning of Mr. Reddy's and his friend's attempt to sow the seeds of disruption in the country denigrating Parliament and other institutions and creating an atmosphere of subversion was started with such declarations as Swedish Radio's announcement and a little later Michael Hershman's statement from America. Let us not forget that this was an orchestrated attempt. Hershman was a person with such dubious backgrounds as his connections with CIA and other agencies. He was holding Indian Parliament to ransom and almost dictating political line to the Opposition Members in this House and outside this House.

An attempt is on to continue the same assault and it was an assault on our freedom, on our unity and on all the institu-

tions of which we are rightly proud in this land.

It was not only the Swedish Radio about which I will talk a little later, but also Hershman and all these attempts by these sources. If you look at it, the pattern is very neat. It is very clear. The involvement of the people and the total attempt is directed against one person -- the person who is here as the Prime Minister -- not through the tender mercies of the Opposition Members but through the support of the Indian people. The attempt was to denigrate him and throw him out.

SHRI S. JAIPAL REDDY: Are you prepared to go to the people on the basis of the JPC's Report? We are prepared for the General Elections on the basis of the JPC's Report.

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF INFORMATION AND BROADCASTING (SHRI H. K. L. BHAGAT): I really wanted to congratulate Mr. Jaipal Reddy for proving to be a damp squib without any interruption by us. So please don't interrupt now. You have already said what you wanted to say. I am also speaking. You have proved to be a total damp squib. Don't interrupt us now.

SHRI S. JAIPAL REDDY: I thank you for the certificate.

SHRI H. K. L. BHAGAT: Wait and listen. You will get what you deserve.

PROF. MADHU DANDAVATE: The credibility of your Certificate is lost already.

SHRI H. K. L. BHAGAT: No. We have already heard your *mantras* and *bhajans* and so on for a long time. We are going to give you back today... (*Interruptions*)

PROF. MADHU DANDAVATE: You better give the commission back

PROF. K. K. TEWARY: I was talking about the definite connections of the Opposition Leaders and an attempt to denigrate all institutions of the country and the

leadership of the Congress Party. In this, the presence of one person is very instructive and it is very revealing. The person who coordinate the entire assault was an international fixer, that is, Chandraswami. Chandraswami was the man who introduced Hershman to India and brought Hershman to India. It is Chandraswami again who was shadowing or following every detail of what was happening in the supply of Howitzer guns to India. It is Chandraswami again who became the Prophet. You should be ashamed of yourself Mr. Jaipal Reddy that Chandraswami became the Chief Spokesman along with your friends and a section of the Press to launch this assault. And this was taken to its logical conclusion, because the attempt was to subvert the unity of India. This assault which was unleashed by the Opposition friends in collusion with forces outside and their counterparts inside the country -- they took this assault, this slander campaign, this vilification campaign into the very system for which we have made such heroic sacrifices in the past decades. It was taken, as I said, to its logical conclusions. Even the Head of the State was brought into the controversy. Threats were held out for the dismissal of the Government and the Prime Minister.

So, I am not surprised at all by Mr. Reddy's continued reference to the Prime Minister, because it is part of a campaign which he started, and the campaign was supported throughout by an organized attempt to denigrate the Prime Minister. In this connection, it is important to remember that we do not need certificates from the Reddys of the world. The Government led by Shri Rajiv Gandhi, in its reverent openness before this august House and this great country, took immediate steps. Mr. Reddy will recall that when the Swedish Radio came out with the announcement about this deal regarding the supply of Howitzer gun to India, and with some information about the so called kick-backs or commission, it was the Prime Minister of India, the Government of India who took up this matter with the Swedish Government. First, this matter was taken up by the Government of India, and the Swedish Government was asked about the

details of it. You will recall that this enquiry by the Bureau was set up on the specific request of the Government of India, and the letters exchanged between Government of India and the Swedish Government were placed on the Table of this honourable House. If Government had to hide anything, on a mere report of a Radio, of a non descript channel of a foreign Radio, Government of India would not have taken notice of it. After that, when the Audit Bureau's report came, of course some portion was expurgated, expunged under their own laws, laws of Sweden; and we do not have the authority to amend the laws of the Swedish Government, and of the Swedish people. It was again in pursuance of this that the Prime Minister took an unprecedented step, unparalleled in the annals of India's independent history. The Prime Minister called all the Opposition leaders. If you are not suffering from amnesia or gratefulness, you will recall that the Prime Minister had a meeting with the Opposition leaders on this Audit Bureau's report. You were asking for a parliamentary probe, a parliamentary committee to go into all the implications of this deal. Government, without any fear -- if Government again had to hide anything, this Government led by Rajiv Gandhi, I emphasize would not have agreed to it -- agreed to have a Joint Parliamentary Committee, in the House. But what did you do when this proposal came? I allege, and this is my charge, that you are not interested in finding out the truth, and your masters have left instructions with you that the pot has to be kept on the boil.

You are not interested in the truth. When you did not succeed in denigrating Mr. Rajiv Gandhi in pulling down the elected government, when you did not succeed in dividing the Congress Party, when you did not succeed in subverting the Republic as such, then you refused to join the Joint Parliamentary Committee -- Mr. Dandavate and Mr. Reddy together, both of you. We saw and we watched your plight when you walked out of this House with your tail tucked in between your legs. You did not have the courage to face this House and face the truth because truth would have come out. Again I say, as a re-

[Prof. K.K. Tewary]

sponsible Opposition, tell me what prevented you from joining it? It was your demand.

PROF. MADHU DANDAVATE: He is attaching somebody's tail to us.

PROF. K.K. TEWARY: It was your demand. You wanted a parliamentary probe. Since 1952 do you have an instance of a government, either ruling party government or opposition government, where it happened..? Unfortunately, during the interregnum of 2 1/2 years, did you have a parallel to this where the Prime Minister called you, consulted you and agreed to have a Joint Parliamentary Committee to find out the culprit who allegedly had taken either winding up charges or kickbacks or whatever might have been the form of the payment? It was the greatest irresponsibility, as usual, as you have always let down the people of India. When the chips are down, since you do not have the courage, since you lack the basic honesty and basic commitment to the political system as such, since your commitment to the freedom of the country is rather peripheral, you avoided joining the Parliamentary Committee because you wanted sufficient elbow room, manoeuvrability, to keep this thing going. Therefore, I charge you that you stand completely naked. Even the famous fig leaf cannot hide your blinding nakedness that you showed before the people of India. The people of India will judge you on this. I want this to go on record, as to how and what compelled you not to do this. When you talk of brute majority, Mr. Reddy, don't forget, tell me one instance anywhere in any Parliamentary democracy where the majority of Parliament is not reflected in the representation on any Committee constituted by the House, anywhere in any country. We are in a majority here with the support of the people. If you are in a minority, you may be in minority even in your party, may be next week or weeks hereafter. Why don't you think of your own position in your own party? So, this charge is absolutely baseless to say that the Joint Parliamentary Committee was over represented by the

Congress Party. Is this the justification? Does it stand to any reason, to logic to say that you are in a majority in the House, but in the Committee that is constituted, will have only 3-4 members from the ruling party? and the people who in collusion with your masters abroad, are coming forward with charges, baseless, motivated, irresponsible, they will become the judges on that Committee. Does this lie in the mouth of these people to talk of this?

SHRI K.C. PANT: When the discussion was going on about the proportion of the Opposition and the government members in the Committee, we stretched a point in favour of giving higher representation to the Opposition than was warranted by their strength in the House.

PROF. MADHU DANDAVATE: If you remember aright, we had made explicitly clear that the rock bottom minimum demand of the Opposition was not the composition and the numbers but the four important powers which were umpteen times repeated. I do not want to repeat them here again. If those powers were given to the Committee, we would have been on the Committee.

(Interruptions)

I thought your memory was sound. Therefore, I did not repeat them.

SHRI K.C. PANT: On the number you agreed at least.

PROF. MADHU DANDAVATE: On the number we did not mind. If I remember correctly, many of the terms of reference of the JPC were amended on the suggestions made by the Opposition Members, including Prof. Dandavate. But the decision of the Opposition to run away from their legitimate exercise of their duties in the House -- how do you explain this?

Therefore, my point is, that the Opposition, in collusion with such characters as Chandraswamy and others and their masters abroad, they started a campaign and that campaign is still on. We are interested

in the truth and the JPC has done a wonderful job. The JPC after all, had certain terms of reference. I am not going to the terms of reference. While the JPC was sitting here -- my friend Mr. Jaipal Reddy may feel embarrassed -- while the JPC was cross-examining the witnesses, collecting facts and figures, you also on own were frequenting the Swedish Government and Swedish authorities, and the Swedish capital. How many of you were going almost every month to Sweden, to discover the truth and I am shocked -- sorry -- that this should have happened. Two honourable leader of Shri Jaipal Reddy's party, one of them was not in his party, but he is part of that Janata outfit, Shri Ram Jethmalani and Shri George Fernandez, I would like to know from the Minister how many times, with whose money and with whose support and collection, they frequented...(Interruptions).

SHRI BASUDEB ACHARIA (Bankura): He cannot refer to them.

SHRI S. JAIPAL REDDY: He cannot mention them. (Interruptions)

MR. DEPUTY-SPEAKER: If where is any allegation I cannot allow. That is all.

PROF. K. K. TEWARY: I think the names are not unparliamentary. Their deeds may be unparliamentary, but their names are not. While the JPC was struggling ...(Interruptions)

SHRI S. JAIPAL REDDY: What is this?

MR. DEPUTY-SPEAKER: I told you. If there is any allegation it will not go on record. Any allegation will not go on record.

PROF. K. K. TEWARY: While the JPC was trying to go to the bottom...(Interruptions).

As Jaipal Reddy has said, while the JPC was trying to reach the bottom and find out the real truth and all the linkages and the culprits involved in it, -- I am sorry, and I say this with great anguish -- two honourable leaders of a political party went to Sweden and what truth did they discover?

Do you know? The truth they discovered was red light area ! They landed up in a red light area !

SHRI S. JAIPAL REDDY: What is this? (Interruptions)

SHRI SOMNATH CHATTERJEE: Do you allow it, - just because it is Tewary? (Interruptions)

PROF. MADHU DANDAVATE: It only shows to what depths he is capable of sinking!

PROF. K. K. TEWARY: I can never reach Prof. Dandavate's depth.

SHRI SOMNATH CHATTERJEE: What is this? Why are you allowing all these things?

MR. DEPUTY-SPEAKER: I will go through the record.

SHRI SOMNATH CHATTERJEE: Nauseating nuisance!

PROF. MADHU DANDAVATE: Sir, he can make a criticism. But he is talking about a red light area in this House. Is that the level of the hon. Member? (Interruptions)

SHRI S. JAIPAL REDDY: Why are you allowing this? This is with reference to two persons...(Interruptions).

MR. DEPUTY-SPEAKER: I will go through the record and see.

PROF. K. K. TEWARY: Shri Jaipal Reddy made a reference to the quality of the gun. That is an area where we have really to delve deep into the motives of our friends on the Opposition. You remember that this was the time when our security environment was under tremendous pressure. Brasstacks Operation had been opposed by a neighbouring country. Arunachal border was becoming very sensitive. And that was the time when the guns had been acquired. And what was the retrain of the opposition here that the guns were bad. I

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want to know from the Defence Minister the information if he has. Which were the international lobbies which were interested in stopping this gun coming to India and what was the purpose? What role this versatile gun will play in our defence forces? I say it with full responsibility in the House that the import of the gun, acquisition of the gun, was definitely depended on our threat perception, the quality of the weapons that we have to face. Which was the country which had acquired those weapons? I am sure, it was Pakistan. Pakistan in collusion with gun runners like Khsoggi and international touts like Chandraswamy, their services were requisitioned and all round attack was made on the quality of the gun. This happened for the first time in the history of the country that Armed Forces were sought to be demoralised. Disinformation was sought to be dished out and hawked around throughout the length and breadth of the country. People were sought to be convinced that the guns supplied to the Indian Army are sub-standard. Therefore, my charge is that they sought to destroy not only the republic, not only the Constitution but weaken and demoralise the Armed Forces which were in need of a weapon system which could have met the threat from across the borders. Would Mr. Reddy care to go through certain observations? We have a distinguished soldier, fortunately, still among us, Field Marshal Sam Manakshaw, a distinguished soldier by any reckoning. In his definitive view he said that this was the best buy and this was the best gun. To other points I will come later.

I am again quoting a person who neither belongs to our party nor has alleged sympathies with us. He is Lt. General Aurora, a Member of Rajya Sabha, a hero of Bangla Desh war. He is on record as having said that this was the best gun. He said: "I am not concerned with other aspects. As a soldier I am concerned with the quality of the gun and the quality of the gun in immediate relation to the security environment that we are confronted today." The Third authority does not belong to us. He belongs to the opposition. He is

Mr. Jaswant Singh, an hon. Member of Parliament, a soldier and an expert of these systems in his own right. Here is a book. I would not like to quote extensively. Here in this book Mr. Jaswant Singh has been quoted and outside also he has been quoted as having said -- and perhaps, he also fired the gun and on the basis of his experience of firing the gun, handling the gun he made an announcement without any fear from the opposition, fear of being censured even by his own party or his opposition colleagues -- that this was the best purchase that we could have made.

In the face of these evidences, in the face of testimony from soldiers, Generals, experts, what was the motive? Therefore, I am linking the motive of the opposition in running down the quality of the gun and then trying to create an impact on the minds of the people at large that Government of India had entered into a deal for purchasing sub standard weapon system. Sir, this sheer diabolic, cynical attitude, approach of the Opposition in making even the security of the nation a ground, a plank for settling political scores, is shameful, disgraceful, and it has to be condemned, denounced everywhere.

Then, Mr. Reddy was on other grounds also. He talks so many things. I would only like to remind him as to who is the user of the gun. He has been trying to say that the Army has been handed over a sub-standard gun...(Interruptions).

SHRI S. JAIPAL REDDY: On a personal explanation, Sir ...

PROF. K. K. TEWARY: I am not yielding, Sir.

MR. DEPUTY SPEAKER: Let him finish, then you can say.

SHRI S. JAIPAL REDDY: No, Sir...(Interruptions).

PROF. K. K. TEWARY: I am not yielding, Sir...(Interruptions).

MR. DEPUTY SPEAKER: Afterwards you

can say. Let him finish. Why are you interrupting in the middle? Let him finish...

(Interruptions)

MR. DEPUTY SPEAKER: When he is not yielding, how can I allow? I cannot ask him to sit. How can I say?...

(Interruptions)

MR. DEPUTY SPEAKER: When he is not yielding, what can I do?

SHRI BASUDEB ACHARIA: Sir, he cannot say what Mr. Reddy has not said...*(Interruptions)*.

MR. DEPUTY SPEAKER: Let him finish. Afterwards you can say...

(Interruptions)

PROF. K. K. TEWARY: I am not yielding, Sir. It is not for him to allow...*(Interruptions)*.

MR. DEPUTY SPEAKER: I will call you afterwards.

SHRI S. JAIPAL REDDY: Please hear me, Sir...*(Interruptions)*.

MR. DEPUTY SPEAKER: I will call you afterwards. Please take your seat. Let him finish.

PROF. K. K. TEWARY: Mr. Deputy Speaker, Sir, imagine the dangerous dimensions of the suggestion, and that too from the privileged floor of the Parliament. A serving distinguished General, who has put in forty-two years of service in Indian Army, a General like Sundarji, who has done the country proud, a career-distinguished, a career dedicated, has been sought to be smudged on the floor of the House by ** who does not have any knowledge of army. Therefore, I say it is a sad day...*(Interruptions)*.

SHRI S. JAIPAL REDDY: What is this, Sir?...*(Interruptions)*.

SHRI SOMNATH CHATTERJEE: On a point of order, Sir. What is the level of a debate we are having in this House, sir?...*(Interruptions)*.

SHRI S. JAIPAL REDDY: I may be allowed to speak, Sir...*(Interruptions)*.

SHRI SOMNATH CHATTERJEE: What is all this? How can he make personal insinuations...*(Interruptions)*.

PROF. K. K. TEWARY: The insinuation that he has made against the head of the Army needs to be condemned in this House. Therefore, Sir, I say...*(Interruptions)*

MR. DEPUTY SPEAKER: Any insinuation I will not allow....

(Interruptions)

MR. DEPUTY SPEAKER: I told you, I will not allow the insinuations. I cannot allow them and I won't allow...

(Interruptions)

SHRI S. JAIPAL REDDY: I will say ***(Interruptions)*.

THE MINISTER OF PLANNING AND MINISTER OF PROGRAMME IMPLEMENTATION (SHRI P. SHIV SHANKER): Sir, he has made an insinuation against the Chairman of the Committee...*(Interruption)*

MR. DEPUTY SPEAKER: I will not allow those words...

(Interruptions)

SHRI SOMNATH CHATTERJEE: He is impugning the patriotism of a Member of the House...*(Interruptions)*.

PROF. K.K. TEWARY: You just heard him, Sir, what did he say when he was mentioning about Sundarji. You have heard him what he said when he was speaking just now.

SHRI P. SHIV SHANKER: Is the word ** a parliamentary expression? You may kindly go through the record and expunge this expression. This is not a proper expression. It is totally unparliamentary...(Interruptions).

PROF. K.K. TEWARY: Sir, I did not respond to Mr. Reddy knowing, as I do that he is a ** (Interruptions).

MR. DEPUTY SPEAKER: Order please. I will expunge those things. Don't worry...

(Interruptions)

MR. DEPUTY SPEAKER: I will expunge. That is all.

SHRI SHANTARAM NAIK: What you are expunging also we should know...(Interruptions).

PROF. K. K. TEWARY: My esteemed friend -- I will not use any abuses...(Interruptions).

MR. DEPUTY SPEAKER: Please take your seats. If at all there is anything objectionable, I will expunge it...

(Interruptions)

PROF. K. K. TEWARY: Sir, my esteemed friend -- I will not use any abuses, I will not use any abusive terms about him -- Mr. Jaipal Reddy is ** That is the whole trouble...(Interruptions).

MR. DEPUTY SPEAKER: Mr. Jaipal Reddy, please take your seat. Let him finish. Why are you interrupting him?...

(Interruptions)

MR. DEPUTY SPEAKER: I cannot ask him to sit down.

SHRI SOMNATH CHATTERJEE: What is this, Sir?...(Interruptions).

PROF. K.K. TEWARY: Why not? What

did he say? He called me ** (Interruptions).

MR. DEPUTY SPEAKER: Please order...

(Interruptions)

SHRI SOMNATH CHATTERJEE: He should be immediately asked to go out. He is **

PROF. K.K. TEWARY: You are much worse...(Interruptions).

SHRI H.K.L. BHAGAT: He was saying something personal about him. ** (Interruptions).

No, no, nothing, only the merits and the arguments and nothing else, no personal things. (Interruptions).

SHRI SOMNATH CHATTERJEE: Do you support that? (Interruptions).

PROF. K. K. TEWARY: Sir, who accused whom, tell me? He used the word ** and whom did he abuse, Sir? (Interruptions).

MR. DEPUTY SPEAKER: I would request the hon. Members not to express personal things, not to make personal attack. That is what all I would request the Members here.

(Interruptions)

SHRI S. JAIPAL REDDY: Sir, what he said about me should go on record (Interruptions).

MR. DEPUTY-SPEAKER: Any personal accusation will not go on record.

(Interruptions)

SHRI SOMNATH CHATTERJEE: Sir, what sort of accusation he is making **

AN HON. MEMBER: But why did you call him **

SHRI SOMNATH CHATTERJEE: You forced us to say.

SHRI S. JAIPAL REDDY: You don't understand English. I am sorry to tell you. *(Interruptions)*. Mr. Bhagat, I am not at your mercy. I am prepared to fight...*(Interruptions)*.

PROF. K. K. TEWARY: I am withdrawing.

MR. DEPUTY-SPEAKER: He is withdrawing. You please sit down.

(Interruptions)

SHRI S. JAIPAL REDDY: No, no. It shall go on record. *(Interruptions)*.

SHRI BIPIN PAL DAS (Tezpur): He is withdrawing.

PROF. K.K. TEWARY: I am withdrawing that. *(Interruptions)*.

SHRI SOMNATH CHATTERJEE: **. He should have been asked to go out. Sir, I have been here for the last 18 years. I have never seen anything like this **

MR. DEPUTY-SPEAKER: He has withdrawn these words.

SHRI S. JAIPAL REDDY: Mr. Deputy Speaker, Sir, you are not hearing me at all. *(Interruptions)*.

PROF. K.K. TEWARY: Sir, calling a Member ** is this the practice of this House? Sir, what did I tell against him, please tell me? Did I speak against him? I did not use any word against him.

SHRI BASUDEB ACHARIA: You made a personal attack.

SHRI S. JAIPAL REDDY: Whatever Mr. Tewary said about me, my request is that all should be kept on record. I consider it a tribute, Sir.

MR. DEPUTY SPEAKER: When he is withdrawing, I cannot do anything.

SHRI BASUDEB ACHARIA: What is it that he is withdrawing? *(Interruptions)*.

PROF. K.K. TEWARY: To call a person ** is not a tribute. *(Interruptions)*.

SHRI S. JAIPAL REDDY: Sir, I am not only known for my ** but I am known for my intellectual and political non conformity. I am proud of my ** also. Let me tell you, Mr. Deputy-Speaker, let that go on record and let Mr. Tewary be exposed. *(Interruptions)*.

He talks of red light area. What kind of these things? Have you ever read the report? *(Interruptions)*.

No doubt that he comes from Bihar, no wonder. *(Interruptions)*.

PROF. K. K. TEWARY: Mr. Deputy-Speaker, he talked about the quality of the gun. I have spoken about the quality of the gun and the tributes paid by experts and Generals and soldiers, to our selectors of the gun and that should also form part of the record and the observations made by my hon. friend about our former Chief of the Army Staff. Sir, why was this gun selected? The whole question is that the philosophy of the gun as such, the gun system, originated in 1970s. It was required and when offers were called there was no hanky-panky in that. Four parties responded to the offer, to the tenders and the French gun system and the Swedish gun system, that is, Bofors system, were finally short listed and the user of the gun that is, the Army taking other facts and also views -- there were other consideration also -- considered the price and the terms of the credit available, considering also the availability of different equipments about the gun, ammunitions of the gun. Sir, I would like to say that this is my personal information.

Sir, when this gun was being negotiated and the contract was being signed, the letter of intent was issued, the price of the gun was at the floor price. The price had been reduced through hard negotiations

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and competition since four systems were in the field and this price came down by Rs. 200 crores and ultimately when the French made the last ditch battle for the contract and brought down the prices, then since the letter of intent had been issued, the Bofors Company offer was also taken into account and they brought down the prices further. So, taking into account the credit facility and the quality of the gun, any attempt to run down this gun system or to hold the Government responsible for something hanky panky is utterly baseless, it is a concoction.

Sir, there is another point that I wanted to make is that this gun has been integrated in our Defence system. He was talking about disruption of supplies. I learnt that the supplies or the availability of technology for indigenous production in the country has been guaranteed and it has also been guaranteed that supply of all equipments and ammunition also will continue uninterrupted. Even in the case of hostilities, the supplies will not stop and there is a convention in many such supplies and this is not the only deal that has been entered into by this country or other countries. All countries take weapons or technology from abroad unless a country is branded as an aggressor by the Security Council. We have had experience in the past where India was not even branded as an aggressor in 1971 aggression of Pakistan against India the American Government had stopped its aid and supply of weapons, but in this arrangement supplies as I learnt -- I do not know for certain, but I learnt that supplies will not be stopped in any case, even in case of hostilities. Therefore, to harbour this misinformation or to project his as an inhibiting factor is again baseless.

There are other aspects that have been referred to. The JPC has gone into all details and unless there is some evidence on record -- the hon. Member wanted everybody to be invited. Why? There must be some ground. Unless there is evidence on record, how can you invite a person to depose before the committee? It is a very

simple thing which my hon. learned friend could have taken into account before putting forth this argument that many people were not examined. Since JPC has certain parameters, parameters of the probe, this purpose has been served. All your grievances would have melted away if you had taken the decision to be in the Committee and take the inquiry to its logical conclusion. That is the *summum bonum* of the whole argument that since you wanted this kind of a slanderous campaign to continue, your political campaign to continue and recently, Sir, I am very sorry again to say this, again it will prick him and he will start shouting at me, but what can I do? Those who are fugitives from Congress, the Congress fugitives, those who are expelled or thrown out, they become their leaders. Sir, the recent political conman, Mr. V.P. Singh (*Interruptions*).

He himself was the Finance Minister then and the Finance Minister duly accorded his approval to all financial implications, who is now promising you the new Jerusalem, El Dorado, a Brave New World has been promised to the Opposition. I tell you, all your hopes, all your illusions will be shattered because these sand castles cannot be built on the hopes of a run away of fugitive from a Party who is now going around the country spreading total, utter disinformation and showing scant regard for political norms and to Constitutional requirements under which he had taken oath. Therefore, Sir, firmly I say that the ghost he was referring to -- we are not in the habit of looking for a ghost or hot goblin under every shadow of a tree. We are not haunted by any ghosts. Congress has remained firmly committed to the people of the country and Congress will remain committed to the people of the country under the leadership of Shri Rajiv Gandhi, and your attempts to denigrate the Congress leadership, to bring the reputation of the leadership under the cloud, will be firmly frustrated by Congress, by the people of this country (*Interruptions*).

MR. DEPUTY-SPEAKER: Please, Order.

PROF. K.K. TEWARY: Much has been made out of the publications in the *Hindu*.

The Hindu has come out with certain revelations. I would like to put a very simple, straight forward question to the Opposition. They have referred to certain privileged sources. The privilege sources were not available when the Chief Prosecutor of the Swedish Government was inquiring into this supply of Howitzer guns to India. Where were these privileged sources? These papers, if at all are there, I say they are forgeries; they are not authentic at all.

SHRI SURESH KURUP (Kottayam): Nobody has denied it except Hinduja's.

PROF. K.K. TEWARY: But why these documents, so called documents published in *The Hindu* were not presented to the Chief Prosecutor of Sweden. Even now the Constitutional Committee of Swedish Parliament is holding its enquiry. Where are the sources? Why have these papers not been referred to the Constitutional Committee?

You may recall, people know, the masters' sitting outside, those who are pulling the strings want this situation in India to continue and unfortunately wittingly or unwittingly you are becoming a party to it. Those who want to keep India in this state, they choose the timings--when JPC was about to conclude. JPC was known the world over, it was holding the enquiry and the whole world knew it. *The Hindu* published these papers only when they knew that the JPC had interviewed, interrogated and cross examined witnesses and they were closing their enquiry. When the Committee had to close their enquiry, *The Hindu* came out with documents and Sir, a South Indian paper was chosen for publication of these articles because Congress Party was holding its AICC Session in Madras.

SHRI E. AYYAPU REDDY (Kurnool): Mr. Deputy-Speaker, on a point of order.

SHRI C. MADHAV REDDI (Adilabad): Don't bring in the question of South India. It is a national newspaper.

SHRI E. AYYAPU REDDY: I take strong objection to Mr. Tewary's calling *the Hindu*

as the South Indian paper. It has been accepted national paper and he has no business to call it a South Indian paper.

MR. DEPUTY-SPEAKER: There is no point of order. That is his view.

PROF. K.K. TEWARY: I have not cast any aspersion on the reputation of the paper. It is an excellent paper and one of the best papers we have in the country. I did not cast any aspersion. It is one of the papers with largest circulation in the South, the paper with largest circulation in Madras...

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF INFORMATION AND BROADCASTING (SHRI H.K.L. BHAGAT): Let me make it clear. Certain things written in the paper may be correct or may not be correct, that is a different question. As far as the paper *the Hindu* is concerned, it has all along been respected in the country. It is respected today also. We have nothing personal against them. I have just clarified the point. (*Interruptions*).

PROF. K. K. TEWARY: Mr. Deputy-Speaker, Sir, I said it I do not know why on a simple statement -- I only said that this paper *the Hindu* is one of the most respected papers. I said *The Hindu* has the largest circulation in a part of the country.

14.00 hrs.

SHRI BASUDEB ACHARIA: Not in a part of the country. (*Interruptions*)

PROF. K. K. TEWARY: This paper should have been submitted there. So, the timing is important. The JPC is closing its inquiry. Its report is being finalised. It is in the process of finalisation. It is being presented to Parliament. Then, these reports come in.

So far as the other aspects are concerned, reference has been made to the Note of Dissent. How the Note of Dissent was given?... (*Interruptions*). Sir, you also know that the hon. Speaker has given his ruling and we gracefully accept the ruling. The Note of Dissent has been appended to the report. Now, the person, the dissenter

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who is the dissenter? He sat through these meetings. Most classified papers which normally would not be made available to any member of Parliament, most classified papers were made available to all hon. Members constituting the JPC and the person who has dissented had also free access, unfettered access to these privileged documents. Not only that. He took copious notes from there. But something happened. Some political changes took place. Politics again got the better of the judgement of his morality, political morality and he came out with a Note of Dissent. After all, the Note of Dissent has to be based on some substance, some evidence and some facts. What does he come out with? If you go through the entire Note of Dissent, if you scan, if you read the report, you will find that it all based on surmises, conjectures and speculations. I am sure, Shri Reddy's speech has made it abundantly clear that all the points mentioned in the report are not the product of one person, one mind but a large number of people, a battery of experts and a battery of political advisors must have sat and prepared that Note and that Note has been submitted and it has been appended. Therefore, whatever has been said in the Note of Dissent by a person who shares all the secrets of the proceedings, shares all the decisions taken from time to time by the JPC, a person who goes through all the relevant papers, puts questions to witnesses, now ultimately when the Committee is to submit its report, do you think ever anybody with even an iota of sense will accept this stand? Throughout, that person has not disagreed and has now dissented.

SHRI S. JAIPAL REDDY: How do you know? (*Interruptions*)

PROF. K. K. TEWARY: That should have been in the report. That Dissenting Note should have been there. The Dissenting Note should have contained this also.

SHRI S. JAIPAL REDDY: How can he question the motives of the Member and cast reflections on him? (*Interruptions*)

PROF. K. K. TEWARY: The Dissenting Note should have contained, besides the conjectures, the specific cases where the member disagreed with the procedure of inquiry earlier to this. But he did not do that. But he merely, towards the end, decided as is an obvious thing because of political compulsions and for obvious political reasons, preferred to submit his Note of Dissent and that Note of Dissent, as Mr. Reddy has said, all through contains the same logic, the same thrust, the same arguments which are most untenable. So, this Howitzer deal to India was done in the best interest of the nation, security of the nation.

As far as the Prime Minister is concerned, nowhere this kind of a decision has been taken. No country has been able to do away with middlemen in international commercial deals. It was the Prime Minister who took this stand, which has been affirmed, which has been supported by all subsequent developments. Do you mean to say that he will not believe a representative Government in Sweden, and the Swedish Government themselves have confirmed on umpteen occasions that the Prime Minister of India Shri Rajiv Gandhi has taken this stand and he saw to it that all middlemen were removed and this deal has been concluded without any middlemen anywhere.

About the other aspects, they have been clarified by the JPC. The JPC has gone into the entire gamut of the issues and it has been conclusively proved through the CBI inquiry, through the JPC report and inquiry, that no company of Indian origin is involved. Our laws have not been violated. Why did the Chief Prosecutor in Sweden say that the Swedish laws have not been violated? The Swedish Government have done this deal, not for the first time in the history. The Swedish Government must have been supplying weapons and other things to a host of countries all over the world under the same dispensation, under the same Swedish constitution, under the same Swedish laws. From no quarter, from no side, has any attempt been made to force the Swedish Government to change their laws to suit the convenience of a par-

ticular country. All that we could have done as a buyer nation, as a nation in need of the weapon system acquiring those weapons, we did our best; the Prime Minister will go down in history as a shining example of a person who put his foot down and said *No middle-men*, and as far as the Swedish Government is concerned, let them operate within their own laws; we have no authority to force them.

About those who plead for the cancellation of the deal, as I said, I am very sceptical about their motives -- number one --, I pity their ignorance -- number two -- and also I feel that partisan politics are the most nihilistic politics has got the better of their judgement and they are continuing this campaign of vilification, of slander. I again repeat, we have not allowed grasses to grow under our feet. You have continued this slander campaign, you have continued this vilification campaign. You do not look at your own faces, what you have done in the past and what you are doing now. If I mention all these people, the people who have been indicated in courts, Mr. NTR, Mr. Hegde and the rest of them, I know you will start jumping, you will have nails on your seats. I would only say this. If a Congressman acquires two and a half acres of land somewhere around Delhi, that is described as a farmhouse, but leaders of Opposition acquire 40 or 50 acres of farmland with constructions on those farms worth crores of rupees and are called *ashrams*. This is the face of the Opposition and I say that the whole thing has been started with a specific purpose. The originated as an attempt to pull down the Government of Mr. Rajiv Gandhi and the entire Opposition joined hands in that with the instrumentalities of foreign sources. Otherwise, tell me how all of you signed a statement on behalf of the entire Opposition in defence of Mr. Chandraswamy -- the only cause they had to defend and that was done in defence of Mr. Chandraswamy, the kingpin ... (*Interruptions*)

I say, non-Communist Opposition; let me correct myself -- the non-Communist Opposition ...

SHRI S. JAIPAL REDDY: Mr. Chandraswamy was the great consultant of late Mrs. Indira Gandhi (*Interruptions*)

PROF. K. K. TEWARY: Sir, I think we are all abundantly clear in our mind that we will not be haunted by the ghosts which are creations of their sick minds, the creations of the people who are part of the conspiratorial goings on in the country. The country today is faced with a grim situation. It has crossed over so many hurdles. During the last year formidable challenges came and we have crossed over them. That was the time when Bofors, Fair Fox and all other things are raised. The people of India know that it was all their creation, concerted attempts made and orchestrated drive by the opposition parties and others to give a bad name to the Government and pull down the elected Government. This JPC report has done wonderful work and I think, we must take this into stride. I say, "do not indulge in name calling, mud slinging, and washing your dirty linen in the public because you have plenty of them." Your dirty linen will be out. Therefore, I conclude by saying that attempts made to demoralise the armed forces, attempts made to coax the Government to cancel the deal, attempts made to give bad name to the Prime Minister, this is all part of a conspiratorial going on and we must face them because it is a threat to our stability, it is a threat to the unity of the country. On this note, I take my seat.

SHRI SOMNATH CHATTERJEE: Sir, I clapped because he stopped.

MR. DEPUTY-SPEAKER: This is your explanation. What is Reddy's explanation.

SHRI S. JAIPAL REDDY: Firstly, let me make it clear... (*Interruptions*)

MR. DEPUTY-SPEAKER: Please order. He wants to make some observation.

(*Interruptions*)

SHRI H. K. L. BHAGAT: We value Mr. Somnath Chatterjee. But Tewary doesn't

[Shri H.K.L. Bhagat]

need any certificate from you or any applause from you. He is all right without that... *(Interruptions)*

MR. DEPUTY-SPEAKER: I do not allow any explanation. If you want to contribute on any particular point, you can make.

SHRI S. JAIPAL REDDY: I never referred to Bofors gun as a sub standard gun. I said that was not the best available. But as guns go, it is a good gun. I said that. Secondly, I did not cast aspersion ... *(Interruptions)*

I did not cast any aspersions on the expertise or standing of our respected former Army Chief General Sundarji. I only question his judgment and not him... *(Interruptions)*

SHRI H. K. L. BHAGAT: We would not prevent Jaipal Reddy. Probably he is more sensible now by his explanation... *(Interruptions)*

MR. DEPUTY SPEAKER: I cannot. Already we had decided in the House. Why are you worried? Those who are interested let them listen... I cannot...

(Interruptions)

MR. DEPUTY-SPEAKER: It is too much.

(Interruptions)

SHRI S. JAIPAL REDDY: You promised us lunch.

MR. DEPUTY-SPEAKER: I never said that.

(Interruptions)

MR. DEPUTY-SPEAKER: Lunch hour is over. Why are you asking for lunch now? Already, we had decided in the House and we do not want to go back.

SHRI S. JAIPAL REDDY: It is a very important issue. I would like to hear Mr. Reddy. I would like to listen to them also. Am I to forego my lunch? *(Interruptions)*,

Are the pressmen to forego their lunch?

MR. DEPUTY-SPEAKER: You could have raised the point when we...

(Interruptions)

SHRI H. K. L. BHAGAT: He is not prepared to forego his lunch for discussing Bofors... *(Interruptions)*

SHRI S. JAIPAL REDDY: ... I would forego my lunch and dinner.

SHRI H. K. L. BHAGAT: I am also fore-going my lunch. I am more aged than you.

SHRI. D. N. REDDY (Cuddapah): Mr. Deputy-Speaker, Sir, I stand before this august body neither to denigrate the hon. Prime Minister nor the Parliamentary Committee to both of which I have go very great regard, but I must first begin to give my impression to the House that it is a very sad commentary that the Bofors scandal was allowed to drag on. It is a sad commentary on the House. After hearing Prof. Tewary, I now know the reason. Half of his speech was political and the other twenty-five percent of it was out of context and only ten per cent was concerning the subject under discussion. It is this attitude and such speeches that have dragged on this scandal for the last one year. As a matter of fact in a great country like ours a scandal like this ought to have been resolved in a very short time if only the House had a mind of its own. Unfortunately, there have been many speeches and many acts like that of Prof. Tewary which have come in the way of resolving the deadlock in which the whole country is interested.

The House perfectly remembers that last year when the scandal burst out in the country like an atom bomb it was the Opposition who wanted a combined Parliamentary committee. The suggestion came from the Opposition. Then the Prime Minister said 'no' for reasons best known to him. Later on after some of the information leaked in they agreed to form a joint parliamentary committee. Even then the

Opposition parties asked to widen the terms of reference one of which was to inspect the Swiss accounts of Indians. Their request for expanding the terms of reference to include an inquiry into the Swiss accounts of Indians was struck down by the Government. It was on that main point that the Opposition parties refused to cooperate with the Committee. Prof. Tewary has made much about that point. Unfortunately, it has absolutely no substance in it except to discredit the parties.

14.17 hrs.

[SHRI SOMNATH RATH *in the chair*]

Sir, the professed helplessness of the JPC now despite its having assistance of investigating agencies in getting into the identities of the recipients of the huge Bofors payments contrasts sharply with the reality that there is now indeed a breakthrough to identify the real recipients as a result of the publication of the six documents in *the Hindu*. Just now Prof. Tewary did not spare a national newspaper like *the Hindu*. Shri H. K. L. Bhagat had to intervene and tell us that it is a national newspaper. Six documents have been published. It is a direct proof through which the Committee can easily get the truth out. They have not done so. So, unfortunately, this scandal drags on and the parliamentary committee have brought about a very good report. They have brought about a nice report, but unfortunately, there is no substance in it. There is lot of smoke without detecting the fire. Unless the fire is detected the Committee's report has absolutely no value. I am sorry to say that even after so much effort they could not get at the truth. The real reason, it seems to me, is as if they do not want the truth to come out because here there is a direct proof. If the documents are examined we will know who are the recipients of this illegal amounts in the Swiss banks. That they have refused to do.

The Prosecutor's office in Stockholm also has confirmed the documents published by *the Hindu* on April 22, 1988. The documents also provided a first substantive step towards decoding the charges which

add up to nearly so many crores of rupees. Documents published showed a secret account that was linked to Hinduja company in the form of Pitco Sangam Limited, etc., etc. Bofors then informed the Government of India that 'Pitco' was an earlier reference name for one of the recipients of the Bofors Howitzer deal payment. The relevant documents are available with three difference sources: the Riks Bank, the Skandinaviska Enskilda Bank and Bofors. The Government had not shown any interest in following the several trails indicated. So, when there is a definite trail, which will lead to the actual truth, I am very sorry to say that the hon. Members of the Committee have failed to get at the truth.

Mr. Tewary just now said, don't throw mud; don't throw dirt at the leaders. We are as much concerned as he is that everything should be clean. That can be achieved only if you get at the truth. Time and again, we are asking: Please get at the truth. That is our only aim. That should be the aim also of the Treasury Benches. Instead of this, a prolonged and political speech will not help either the Opposition or the Treasury Benches. But we have to convince the people. For the last one year, so many allegations have been laid on so many leaders and so much has been said that the people themselves are confused. They are convinced that there is something underneath which should be brought out to the knowledge of the whole world. It does not serve any purpose in denigrating either the Prime Minister or some other leader or those who are expelled from the party. Absolutely it does not help us. As a matter of fact, our whole concern should be to get at the truth. If only the real recipients are found, naturally everything will be cleaned automatically.

The Swedish legal expert, Dr. Thorsten Cars said:

"It would be natural and appropriate for the Government of India to request the Government of Sweden for access to secret documents in the course of investigations it may make into payments made by Bofors in

[Shri D.N. Reddy]

connection with its contracts for the supply of FH-77-B howitzers to India

So, we are within our rights to find out what is given in the documents and find out the real culprits. The decision of Lars Ringberg, Prosecutor, to close the investigations is not final but a temporary decision. It can be revived when fresh proofs come in. He has also remarked that he is not getting any sort of help either from the Indian Government or from the individuals concerned. So, he closed the prosecution. But if new facts come in, he is prepared to open the case and find out the truth. There must be a convention on such matters between Sweden and India. There are some conventions between Sweden and other Western countries where such criminal cases are involved that they should get at the truth and secret documents also. Similarly, India also can enter into such an agreement with Sweden and get at the secret documents. I am only suggesting that this is the sure way to get at the documents and it is not as though they are secret nor do the banks refuse to give the documents.

14.23 hrs.

[SHRIMATI BASAVARAJESWARI *in the
Chair*]

Mr. Anders Bjork, Vice President of the Swedish Parliamentary Committee stated that confidential documents made available to him establish that there were direct or indirect contracts between Bofors officials and high ups in India. The Opposition parties refused to participate in it because their request for extending its terms of reference to include an inquiry into the Swiss accounts of Indians was turned down by our Government. If only this request was acceded to by the Government, most probably, we would have got only in the House but also in the whole country would have been avoided. Bofors officials - culprits as they are in the context of our country - are also supposed to have supplied arms behind the curtain to the Arab coun-

tries without anybody's knowledge. So, they are really the culprits before the world. They were given a red carpet welcome as if they were official guests. As a matter of fact, they came here as culprits. They ought to have been treated as such.

Former Bofors Managing Director, Mr. Martin Ardbo,* was not summoned. I don't know why the hon. Committee did not summon Mr. Ardbo, who was a very important witness. He could have given us some information.

Mr. Ardbo seems to have said that if Bofors had ended the relationship with the agent in India, the company would not have got the contract. He was not summoned and his evidence was not recorded. Why he ought not to have been summoned when the Swedish Parliamentary Committee can summon even the Prime Minister? So, why should he not summon a mere Managing Director of an arms factory? Madam, I am quoting our Union Finance Ministers reply on the 6th August 1987 to a debate in Parliament. "We have decided to enter into a treaty for mutual assistance in criminal matters with Swiss authorities and pending conclusion of such a treaty or agreement to enter into a Memorandum of Understanding with Swiss authorities for assistance in specific cases of Indians having accounts in Swiss banks. Expeditious further action within Swiss and Indian laws will be taken so that we are able to obtain requisite information regarding the offenders and proceed against them effectively." What has been done since then, I want to know. I want the Finance Minister to tell the House that after he gave the statement before this august House, what are the steps he has taken.

Why did he not pursue the matter and enter into an agreement with the Swiss Government? And not only that, on 11th December, Shri B. K. Cadvhi, the Union Minister of State for Finance said in the Lok Sabha that "The Government of India is engaged in a dialogue with the Swiss authorities regarding modalities for co-operation with regard to inquiries into criminal charges." What happened to this? There is absolutely no information given to this House and it naturally throws some suspi-

cion that the Government is not sincere and not proceeding with a will to find out the real culprits. That is bringing damage to the leaders and the impression that the Government do not want the truth to come out. That is damaging the leaders, especially the Prime Minister and not the Opposition at all. Mr. Tewary, unfortunately, is not here. I think they must appreciate that point and not speeches like this slinging mud at the Opposition parties, which will not help at all. I have got the greatest regard for the Prime Minister or the Congress Party and the other hon. Members. Prime Minister of my country should be the cleanest of clean Prime Minister, I am suggesting that the truth should come out, though according to the law of the land, everybody is innocent unless it is proved that he is guilty. So, we cannot hold anybody guilty whether the Prime Minister or somebody outside. It is also bad manners to refer to a leader who was once the Defence Minister and Finance Minister. There may be differences between the parties but a man who is honoured by the whole country once, cannot become a very small man or a criminal in a matter of few days. That is not the way we should discuss this matter in this august House. I would like to know, first and foremost, about the statements made by the Minister of State for Finance, as to what steps they have taken and what are the results of them? The whole House has got the right to know.

The Swiss authorities agreed to a draft agreement on 17th September under which India could get information about 'unlawful profits from business dealings in India'. The draft was not converted into an agreement. The Swiss authorities have said that no further request has come from India in this regard. Why? The Swiss authorities themselves came forward to record, to unearth the unlawful profits from the business dealings in India. That means they were eager to tell us but we were hesitant to ask them.

If the Government was serious about going to the bottom of the affair, it could have cooperated with the Swedish Public Prosecutor, Rinberg, who said that he

could not find out the names of the recipients because none of the interested parties, the Bofors, the Government of India nor the Swedish Government has co-operated with him. These are the harsh words from the Public Prosecutor of Sweden who has said that he is not getting any co-operation from India. So, naturally, the conclusion is, the Government has not done enough that could have been done to get at the truth. He even revealed that India did not respond to his queries. Swedish Premier told the Parliamentary Committee on 6th April that "As far as I know, the Government of India is pleased with the information they have got. There are no requests for more information." These are all self explanatory facts, not spoken by the opposition parties, but by distinguished functionaries in the Government of Sweden, who were prepared to give all the information we wanted. The only thing is that we were hesitating in asking for it and taking it.

Another factor is that if only they had threatened Bofors of cancellation of contract, they would have given the names: just an arm twisting method. They did not do that. As a matter of fact, the Prime Minister was too eager to say that the contract would not be cancelled and that itself created some sort of suspicion. Again I say, I am not accusing anybody. In my eyes, the Prime Minister is innocent till he is proved guilty. But I am only requesting the authorities to get at the truth so that he is completely clean. Moreover, our country will know that we have got a Prime Minister as great as Pandit Jawaharlal Nehru.

The only thing is that the Treasury Benches are not able to appreciate our point and they are not able to appreciate the value of the truth in this issue; they are not able to appreciate that only the truth can clear the clouds under which so many leaders have come in. This is creating all the difficulties and differences between the Treasury benches and the Opposition.

From Shri Tiwari's speech, it looks as though the opposition were out to denigrate the Government, the Prime Minister and everybody. This is not fair; that is not

[Shri. D.N. Reddy]

proper also. To call any body who criticises the Prime Minister or the Government a destabilizer is, I think, a proof of immaturity. We have got a right to criticise the Government and the Prime Minister and we have also got a right to be corrected, but at the same time, we want a Prime Minister about whom not only this august House, but the country, is proud of, and for that end we are here to cooperate with the Government, so that they may get at the truth and find out the real culprit.

The hon. JPC has placed its report before the House and it is noticed that for everything many people have said that they had no information to give and strangely the Committee did not pursue further when they took cover and commercial confidentiality, the Committee also did not compel them to give the information.

Unfortunately, in Sweden, the winding up charges and paying a commission have no difference between them; it is almost the same thing. When Bofors said that they had paid such and such amount for winding up charges, it was commission, and not winding up charges. And winding up charges have nexus with the contract value also.

So many companies registered in Switzerland are only front organizations which are being conducted by people not residing in Switzerland and some of them belong to this country. As a matter of fact, ample proof has been given of this. Shri Amitabh Bachan's brother has violated the FERA regulations; definite proof has been given, but absolutely no action was taken. On the top of it, there are definite attempts to cover it. I do not know how the Government can defend all these actions. I would be very happy if we know the truth about all these things and the whole issue is cleared, the cloud is cleared so that we have got a clean Government and a clean Prime Minister.

SHRI B. R. BHAGAT (Arrah): Madam, Chairman, before I speak, I want to seek the indulgence of the House to bring to its

notice the great tradition, the parliamentary tradition of this House. I am particularly a witness to this glorious tradition since 1950, more or less, continuously for over a period of 39-40 years. The point that I want to emphasise is that everyone of us, bit by bit, Members of all States have contributed to the glorious traditions of the world known and world respected institution, called the Indian Parliament. On an occasion like this, let us not destroy the traditions that we have built through the sacrifices of our great leaders, of Indian parliamentary system. It is very easy to destroy them. I am saying this not with any partisan spirit. Let us dispassionately examine how the situation came up. It developed neither on your seeking nor on our seeking. On the 16th April, 1987 the Swedish Radio announced that there have been payments made to the Indian leaders. Now, you analyse as to what was our response to this. So far the Indian Government is concerned, on the 17th April the Government denied the allegations based on the documents then available to it. It was re confirmed by the Swedish Government that the Prime Minister of India had particularly emphasised on the late Swedish Prime Minister, Mr. Olof Palme, that there must be no middleman. This understanding between our Prime Minister and Mr. Olof Palme was also confirmed by the statement of Mr. Aberg, the Swedish Under Secretary of foreign trade. He confirmed that this was the understanding between the two Prime Ministers. Then between 17th April and 19th April, personal enquiries were made by the Indian Ambassador from the Swedish Foreign office and the Swedish Radio in order to get more details. But the Swedish Radio declined to provide any detail except what they had said earlier.

In this connection I would like to say that the Indian Papers had published that this original statement by the Swedish Radio has been motivated by certain persons in the United States who have connections with CIA in which Mr. Hershman's name was also included. This is the report that appeared in the papers. So, you can see the genesis of it. They did not want to give any more details. Then the Government of

India pursued with this; the Ministry of Defence pursued with this.

On 20th April, i.e. just 4 days after this statement was made, we had a statement by the Defence Minister in Lok Sabha. This statement referred to the steps taken to eliminate the middleman. These steps and the understanding between the two Prime Ministers was confirmed by Mr. Aberg, the Swedish Under Secretary of Foreign trade, and on the basis of the information available then he denied the charges. You see the response of the Opposition to it. Let us examine it... (*Interruptions*)

Use your brain and not lung. In the House the lung power is not used except in the Zero Hour. So, use your brain power. But use your arguments and facts. I am dealing only on the arguments and facts. The Opposition saw to it that here is an opportunity to destroy the Government. In our political system which are following, unfortunately, in it there is a weakness. The Weakness is that we have a parliamentary democracy. In it there is only one national party and that is the Congress. The other parties are playing their old games. They have not been able to provide a credible national alternative based on programmes and policies. Even today the Opposition is cloak and dagger even among themselves. You can see this in various places, like Karnataka and so on. It is because of this weakness when the name of the Prime Minister had been mentioned by the Swedish Radio, they thought that here was an opportunity to mount a full attack on him and destroy him so as to destroy the Congress. This is the partisan approach unfortunately I am sorry to say that of our Opposition Members. What are you doing? In a political system, if you destroy the Congress today, if you destroy the Indian Government or the Prime Minister, you are subjecting it to...

SHRI SOMNATH CHATTERJEE: Will you yield for a moment? When you started your speech, you said you do not want to be partisan in your approach. But what are you doing now? I was very closely waiting to hear from you about this Report.

SHRI B. R. BHAGAT: You come out with arguments and facts.

SHRI SOMNATH CHATTERJEE: You have started your speech by accusing the opposition.

SHRI B. R. BHAGAT: I am not accusing the Opposition. The Opposition is to criticise the Government in our system and not to subvert it. There is no harm if you develop an alternative organisation or an alternative arrangement or political system based on policies and programmes so that there is a clear choice before the people at the time of elections in choosing that particular alternative. But in the present situation you are going to seize this opportunity of mounting an unjustified attack, a partisan attack, on the Prime Minister, on the Congress Party and on the Government and trading worst charges on not only shred of evidence but just on suspicion. You can call it a scandalous charge. This was your response. We pursued this matter. The Indian Government requested the Swedish Government on 29th April, saying "Please inquire into the charges made by the Swedish Radio." They in response to the Indian Government's request, appointed the Swedish National Audit Bureau to look into this matter. It is a statutory body. It was appointed under their law. They submitted the Report. What did the Indian Government do after the Report was submitted? It did not sit over for a minute. Immediately, the Report was released to the Press. Then, when the report came, Government took the initiative of consulting the leaders of the Opposition. They said: "what do we do? This is the report." Unfortunately, there was one lacuna. The report said: "Payments have been made." But large portions or excerpts were omitted. We asked, "Why omit it?" Government was even keen that names, the identity of persons, everything should come. But it is the Swedish Government which did not give out the names of persons to whom payments were made, because they said when we pursued the matter -- I think the hon. Members of the Opposition had also gone there, to the Swedish Embassy -- that under the Swedish law, the Swedish National Bank

[Shri B.R. Bhagat]

had given them the information about the nature of payments, the amounts of payment and the identity of persons who were paid, under secrecy; and, therefore, they could not divulge the secret. This is what their Government said. Nobody else. And we consulted the Opposition. We told the Opposition: "Let us find out; you can find out. If the Bofors give it or if the other parties give it, if the Swiss banks give it or if others give it, let us pursue the matter." Here was the position. The ball was fully in our court. We wanted help from the Swedish Government, and they pleaded helplessness. This is not a cover up situation. This is not a situation created by us. This is not a cover up situation. This is not a situation in which we wanted to hush up or conceal anything. We immediately got in touch with the Opposition. We said: "What do we do in this?" You demanded a Parliamentary inquiry Committee. We said yes. Then the matter came up. You know what Prof. Dandavate said then. Although the number of Opposition Members on this Committee was already agreed upon, they had raised certain four points. What were those points? I want to come to this question. Who is to be blamed? You did not participate in this Committee. This was your fatal mistake. You have not served democracy, you have not served Indian Parliament by not participating in this Joint Parliamentary Committee. On what grounds? You see the amendments which you have suggested to the Joint Committee: some of your motions, substitute Motions by some of the hon. Members of the Oppositions said that we should go into the policies, the entire policies behind all these transactions. Is it legitimate? Can you think of any inquiry here for the last 39 or 38 years in which such things were there? It was a specific issue of payment made, and the allegation was that payments were of this nature, viz. they were not in law, they are illegal, they may be bribes, they may be commissions unauthorised, or various other things. (Interruption)

PROF. MADHU DANDAVATE: Forget all those substitute Motions. Four rock

bottom minimum demands regarding the powers of the Committee were made. Even if you concentrate on that, you will realize that our decision to boycott was correct... (Interruptions)

PROF. N. G. RANGA (Guntur): You will not recognise your own mistakes, nor will you confess that you have failed our democracy. You go on giving all sorts of reasons...

MR. CHAIRMAN: Mr. Ranga, Mr. Bhagat is not yielding to Mr. Dandavate.

SHRI B. R. BHAGAT: Prof. Dandavate is a very keen student ..

PROF. N. G. RANGA: Mr. Dandavate, you should be reasonable at least now. Why did you not get into the Committee? You cannot blame us.

MR. CHAIRMAN: Mr. Ranga, Mr. Bhagat is not yielding to Prof. Dandavate. Why do you interrupt him?

SHRI B. R. BHAGAT: Prof. Dandavate is a very keen student of parliamentary procedure and other things. I request him to point out a single instance here in this Parliament, or any Parliament which observes these procedures in which the Opposition demands a Parliamentary Committee, and then says it will not participate in it.

Right from the very beginning, you have pre judged it. I am very sorry to say this; I am saying this because the hon. Member, who initiated the discussion, is not here. He started this discussion by saying that this Joint Parliamentary Committee is a white wash; it is a hog wash. What language he used against the Parliamentary Committee? Right from the beginning, for public consumption, you were saying, you wanted a Committee to enquire into this deal, but your action was just to jeopardise this Committee... (Interruptions)

On the other, we went ahead with it. Many of the concessions -- as the Defence Minister pointed out to the Opposition benches -- were given to the opposition benches in formulating the terms of reference.

SHRI BASUDEB ACHARIA: Not all.

SHRI B. R. BHAGAT: I say, how it is inadequate? You see your response. Now, you said you wanted so and so to be called as a witness. Anybody under the rules can be called as a witness. But you have to go to the Speaker and convince him. He says, whomsoever the Speaker directs, the Committee will call him. But you do not trust the Government; you do not trust the Joint Parliamentary Committee; you do not trust the Speaker. You have lost confidence in them.

SHRI SOMNATH RATH (Aska): They do not even respect the rules.

SHRI B. R. BHAGAT: This was the ground on which you boycotted the Committee... (*Interruptions*)

Right from the beginning you thought that you would have your own way.

SHRI SOMNATH CHATTERJEE: It is partisan.

SHRI B. R. BHAGAT: What is partisan about it? Which Committee has been empowered as you wanted it to be empowered so that it can call any witness they like? It is always done under the direction of the Speaker. You have to approach the Speaker for that. For example, Shri Aladi Aruna could not submit his minute of dissent. He went to the Speaker and the Speaker allowed him. Similarly, if you wanted to call anybody as a witness, you could have gone to the Speaker and convinced him; and if the Speaker is convinced, then anybody can be called, if he is able to contribute to the findings and helping in finding out the truth. But you cannot take the Committee to bring or call anybody as accused he is coming as a witness to help the Committee. You wanted to bring people before the Committee as an accused and make accusation against him. This is not the function of the Committee or the Parliamentary Committees. The Joint Parliamentary Committee is not a court; it is a fact finding Committee of the Parliament. Right from the beginning -- I am sorry to say this -- you have not been

true to the oath that you had taken here. You are committed to find out the truth which you are not doing it. We wanted your cooperation in finding out the truth. The Government went to the extent possible to accommodate you subject to the rules and the directions by the Speaker. Right from the beginning, you started an attitude of non-cooperation because you thought that by participating in the Committee you would be bound by it and if there any finding of the Committee you cannot go away from it. If you append a minute of dissent, you cannot get out of it. Therefore, you wanted to keep your option open to subvert this Government, because, it is subversion, as it has been said that because you know there is no alternative today to the Congress party here. Repeatedly I am saying this, because you cannot offer an alternative package of policies and programmes and leadership, therefore, you think this is the only way, by discrediting the Government, destroying the leadership and bringing all sorts of unsubstantial charges, this was your purpose, this was your motivation. This is important. I began with that. Now, this has been the approach and this was followed.

Based on this, it has been said, I do not know - when Mr. Jaipal Reddy initiated the discussion, whether he read the report correctly. He said perhaps he did not read it. On all the points he has said, for example, the one that the Committee was asked to go into the procedure of the purchase, acquisition of the gun, then the commercial and financial considerations, the payments made, to be specific. These were some of the specific terms of reference. And on all these, without going into it, without going into the evidence here, he comes out and pronounces a judgment.

For example, let me deal with the first point, the acquisition of the weapon. He says it is an inferior weapon and he, -- I am sorry again he has not read -- not only discredits the judgment given by, the opinion given by the experts and what better expert than the Chief of Staff of the Army, General Sundarji you can have? It is recorded. You read it at least. You read it.

[Shri B.R. Bhagat]

Earlier also, there is a reference to the earlier Chief of Staff, General Vaidya and then there is also a reference to General Krishna Rao, to all the three. Read their opinions and then come to a conclusion.

We are all honourable Members of Parliament. We are not trading charges in the market place. Please do not do that. We do not add to our glory. We bring ourselves down. You do not read those things and come to a conclusion that this Bofors gun was inferior to the French gun, Sofoma.

It is said now, at one point of time, it is said, General Sundarji's statement is there, that they had preferred the French gun on various considerations. But when in our neighbourhood, in our vicinity the technological balance changed, certain technology, the radar system, the fire fighting radar system was introduced, earlier they had thought that this particular system will take ten years, to evolve. But they were evolved much earlier in three years or so and was made available in a neighbouring country. This completely changed the technological balance and they had to go in for this. And therefore, they came to the conclusion that this is a more suitable and superior gun. That is now here. How do we dispute this? The JPC is there, a body -- there again it was emphasised over and over again -- that a Parliamentary Committee does not function on the basis of votes or party lines. They function on the basis of consensus or individual judgment; if there is a matter of consensus. That is the reason, again I am sorry I have to remind you of this, why there is no provision, except with the permission of the Chairman, that no member can append a note, because there has been a controversy, a member making a dissension, he is charging, imagine, you charge your colleague, you charge the Chairman of the Committee with partisanship, because he did not allow him to append the minute! The rules do not provide for it. They are very clear. It is "shall", it is not even "may". "Shall not be given". Why? Because the whole function of the Committee is on the basis of

consensus. There are no party considerations. It was never done on that basis. This is the Committee of the House. Therefore, the Committee of the House has to deliberate on the basis of, what I call, objectivity and impartiality.

15.00 hrs.

Right from the beginning, I have quoted the dates step by step, the Government saw to it that the truth must be found out and payments made must be determined and found out, but your interest was different. You have already conceived that the Government is guilty party, and particularly the Prime Minister is guilty. You have charged the Prime Minister personally. The Prime Minister came and refuted categorically that neither he nor his family was involved in it. Not only that, he said that he has taken a step to see that anybody involved in it, he will do everything possible so that a guilty person is found out. But you have given up all norms. He is not only the Prime Minister, but he is the leader of the House. You do not obey the Speaker because you have said that the power of whom should be called must come to you and not to the Speaker. You do not respect the Prime Minister, who is not only the Prime Minister but he is the leader of the country and the leader of the House. He came and made a statement. You do not believe him,

15.02 hrs.

[SHRI SHARAD DIGHE *in the Chair*]

You believe somebody who is going on making slanderous charges and spreading it in the media. You have believed them. You do not believe your Chairman. You have said that he is a partisan and he did not allow the members. This is a very serious matter.

Mr. Aladi Aruna says in his minute of dissent that he was not allowed to see the documents. In the report, it has been mentioned that they have spent three days in seeing the documents and for eight or ten hours they have spent in analysing the documents. Then, Mr. Aruna said that

Chairman did not allow him to append the minute of dissent. The Chairman must have said that he does not have the power. Mr. Aruna went to the Speaker, and the Speaker allowed him. You do not fail to accuse the highest functionary. By your behaviour, you have shown that you have been acting in a partisan motive. This has not helped the Parliamentary democracy. This has not brought glory to us or to anyone.

In the report it has been mentioned that the best weapon system was opted. The expert opinion given by the Field Marshal Sam Manakshaw is here. There is no doubt about it. This is a whole system of negotiation. The whole system of negotiation is such, in all the defence contracts -- there are big contracts and it is one of the largest contracts -- that no individual can have a say in this. It is all institutionalised. You take the case of the Negotiating Committee. The Negotiating Committee is headed by the Defence Secretary. It consists of the Finance Secretary, the Economic Affairs Ministry and other Secretaries. Then, the expert groups, the technical groups, the Chief of the Army Staff and his group, -- all these groups analyse it and evaluate it. In a system like this, the whole arrangement is institutionalised. Therefore, to say or to allege without any evidence, it only betrays your ignorance.

Right from top to bottom, you have said that everybody has fallen in the lines as has been dictated from the top. You have said that everyone in the Defence Ministry, Finance Ministry and others have gone all along the lines dictated from the top. The allegation made at a particular point of time when the Prime Minister became the Defence Minister also. They have alleged that at a time when the Prime Minister became the Defence Minister also, the decision was taken for purchase of Bofors guns. This allegation has been made and repeatedly, but this is not a fact. The Prime Minister had no say in this. I will come to that at what point of time the matter went up to him and who were involved in that. When the Prime Minister was not involved, unfortunately, absolutely wrong statements are being made. The Prime Minister comes

into the picture only when everything is finalised -- the technical aspect is finalised, the weapon system is finalised, the commercial consideration gone into. There again it has been said by no less a person than the then Finance Secretary (Expenditure) that competition was involved. When it was said that there would be no middle-men, it led to intense competition which resulted in coming down of the prices repeatedly by as much as Rs. 200 crores. When finally the price was settled, it was even lower than the floor price of the French gun by as much as Rs. 9 crores. Because of this crucial decision that no middlemen would be involved and it would be direct negotiations, it resulted in a large saving to the country and it resulted in the acquisition of the best weapon system and at the cheapest price. When the final decision was taken, the Finance Secretary sent it to the Finance Minister. And it went to the then Finance Minister. You know who he is. When he has signed it, you should not have any reservations. Then the two Ministers of State also signed it.

SHRI S. JAIPAL REDDY: The file remained with the Finance Minister for less than 24 hours.

SHRI B.R. BHAGAT: You hear something and say something. I am saying which is on the record. The Finance Secretary, who was on the Committee, Mr. Ganapathi, was specifically asked whether the Finance Minister was consulted. He said that only the Finance Minister was consulted but he consulted his Secretaries and then appended his signatures and approved it. After that, it went to the Defence Minister who also happened to be the Prime Minister. Now you tell me from your conscience if you have got any conscience, if you still believe in the motto *satyamav jayate* i.e. truth will triumph, in this arrangement, how can anybody influence the decision that a particular weapon will be there or a particular price will be there?

About the payments, much has been said. It is true that as a result of the intensive questioning by us, on the pursuit of

[Shri B.R. Bhagat]

the Government of India, the Bofors Chairman came and said that payments to the extent of 319 million kroner had been made to the three parties. Now investigative agencies were there. Everybody said what was the kind of payments made, who were the persons. It has been said that they are front companies. They may be front companies, I do not deny. The Government of India has not formed those companies. If they are front companies, if they have violated any law of their land, the laws of the land can take care of it. That is not the point. The point is that the Public Prosecutor there in Sweden has said that no laws have been violated in paying remuneration, meaning thereby that if there is a bribe, then only can the law be violated. They have said 'no bribe'. The Swedish Government have said so. Here also when this question was gone into how we can force them, then we have the opinion of the Attorney General. The Attorney General has been consulted in great detail about this matter and his opinion is that on the basis of the available information.... (*Interruptions*).

You are not interested in listening to me..(*Interruptions*).

On the basis of available information, the JPC has not been able to establish any violation of Indian laws. We have the whole minutes there. If they go through the Report, they will find that the Attorney General said that the Bofors can claim confidentiality. Under the law, the Bofors can claim confidentiality and we have no way of enforcing it. In view of that, the JPC concluded that Bofors are entitled to the confidentiality which they have claimed. The Attorney General has confirmed to the JPC that no legal processes are available against foreign nationals, nor has any violation of Indian law been established qua any foreign national. The Public Prosecutor in Sweden has failed to establish any violation of Swedish laws in the matter of the alleged payments. So, on the basis of this, no violation has taken place. The winding up charges, it has been said, are enormous.

But as has come on record, winding up charges have been established as a result of the negotiations. The only alternative was that the parties would have gone to the court or they would have gone to the arbitration and it would have resulted in enormous payments. Therefore, the winding up charges have been small. This nexus is very important. Because of the small payment of the winding up charges, even after the Letter of Intent, the prices were reduced by about Rs. 100 crores because they had not to pay any bribe, they had not to pay any commission. The winding up charges have been determined otherwise they had to pay more. So, this has been the position. Therefore, Sir, we have the evidence, we have no contrary evidence. I am not a lawyer but this much of law I know that if you do not have the evidence, you cannot say the negative is true. The Members, who are speaking, have no evidence to connect anybody, any Indian here. They have no evidence of any Indian official. They have no evidence against the Prime Minister. They have no evidence against anybody. Our Attorney General says -- we don't have a better person on legal matters than him -- that they can claim confidentiality. We have no measure of finding out from them or forcing them or any foreign national, and then this Swedish Public Prosecutor has told that no laws have been violated. Then I want to ask the hon. Members sitting opposite how it is a white wash. On what evidence you are saying that this is a cover up operation except to malign, except to character assassinate to subvert the system? Because I still maintain that by charging the Prime Minister falsely without evidence, his involvement in this or the bribe or anything, you are destroying the system, destroying the party in power, the ruling party. This amounts to subverting and you will only be helping the enemies of India who are trying to weaken our country, destabilise our country and you have no evidence. I think the JPC has done an excellent job. If you read it again, I will tell you, from any legal evidence, on the basis of objectivity, impartiality, no Committee can come to another conclusion on all these matters that have been referred to than what the JPC has done.

SHRI SOMNATH CHATTERJEE (Bolpur): Mr. Chairman, Sir, both the hon. Members of the ruling party who have spoken have very carefully avoided dealing with the merits of the report, except that we have today had the benefit of more than usual quota of invectives and accusations against the Opposition as a whole. Sir, according to both the hon. Members who have spoken, the Opposition in this country are totally irresponsible, they are a party to the subversion of the Constitution. They have leagues with the international agencies and so on and so forth; even Mr. K. K. Tewary had shown the great standard of a parliamentary performance, when he referred to physical deformity or infirmity of an hon. Member of the Opposition.

(Interruptions)

The ruling party is so anxious that this very irresponsible Opposition should have taken part in this Committee's deliberations. Why? Why are you so anxious in shedding tears, and one hon. Member said that the Opposition has missed the bus or the opportunity. Sir, I would like to know that even Prof. Ranga is so much surcharged when Bofors issue.

(Interruptions)

Therefore, Sir, when the complaints of the ruling party are self contradictory, inconsistent with each other, now why they are anxious. I know how the hon. Minister of Defence with his persuasiveness and personality and soft spoken speeches tried to win over others by such an eloquence, may not be by the merits of the case that Opposition should be persuaded to take part in this because they knew that ultimately the JPC will be utilised for the purpose of exonerating one person in this country, trying to save the Government of the day. Therefore, if it could be projected, even the Opposition could not find out the names of the persons. Therefore, what could the Government do in this matter? That is why the necessity has always been there. But Mr. Chairman, to persuade the Opposition to take part in the Committee's deliberations and Sir, we had said... *(Interruptions)*

SHRI K. C. PANT: You can't so easily get round. Why did you ask for it?

SHRI SOMNATH CHATTERJEE: Sir, I am not yielding. Therefore, we on the Opposition, on principled ground had not been taking part in its deliberations because we did not want to be a party to give birth to a still born child like this

SHRI K. C. PANT: Then why did you ask for it.

SHRI SOMNATH CHATTERJEE: Sir, I feel that the entire discussion on the Bofors issue has lost all significance and credibility because of the studied refusal of the Committee to take note of the latest disclosures which came out in *The Hindu* of the 22nd of April, where documents have been mentioned, copies have been published directly implicating, mentioning Indian names, may be non-resident here, with regard to these companies Moresco and Pitco which are the concerned names, are mentioned in the Committee's Report itself. Sir, I have no doubt that if the hon. Chairman of the Committee had come before this House and asked for extension of the time for filing the Committee's report on the ground of studying or considering the new evidence or disclosures, the House would have given them the time. But no such attempt was made, and on the other hand they have been totally ignored. I would like to know from the Government: Are the documents or the materials mentioned in *The Hindu* of the 22nd of April and of the 27th of April relevant or not relevant to the question that was before the JPC? If they were relevant, why they were not considered when they came out 4 or 5 days before the submission of the Report?... *(Interruptions)*.

Sir, if they are relevant, why they were not considered and if they are not relevant, why they are not relevant, I would like to know from the Minister... *(Interruptions)*

PROF. K. K. TEWARY: You authenticate it and put it on the Table saying that they are authenticated. You put on the Table and authenticate. *(Interruptions)*

SHRI S. JAIPAL REDDY: We will do that. Are you prepared to reopen the issue?...
(Interruptions).

SHRI SOMNATH CHATTERJEE: Sir, in the circumstances the report purports to give findings which are, in our legal terminology, *per incuriam*, and I am sure that it will never be, and it has not been able to prove to be a viable and a significant report so far as people of this country are concerned.

Sir, we know that this Committee from the very beginning lacked credibility because of its composition, because of the terms of reference and because of the so-called powers conferred on it and it is precisely why the Opposition had not agreed to take part in it, while it was going to be a powerless, toothless Committee which will be utilised for the purpose of carrying out operations, which will at least not be able to find out the truth and, Sir, I am very sorry to say, and I yield to none in my personal respect for the hon. Members of the Committee, some very eminent and respected Members they are, but, Sir, I am very sorry, I cannot help saying that the Committee seems to have done what it was required to do, but the result is that all meaningful inquiry has been jettisoned and the result is that Parliament's dignity, Parliament's position as being accountable to the people has been compromised today...
(Interruptions)

Sir, this Committee which was required to chain a tiger has not even attempted to catch a mouse. This is the position so far as the Report is concerned. Sir, as Parliament we reached the nadir when on the 26th of April this Report was presented to the House, and I feel that the only honourable course left to us now is to reject this Report look stock and barrel and give it a decent burial with the sounding of the last post.

Sir, I appeal to the hon. Members, I know what is the fate of this appeal, but even now I appeal to the hon. Members on the other side not to let this opportunity go without redeeming ourselves as part of this great institution.

Let the portals of this august Institution be not used as archives for the deformed progeny born out of colossal remissness, as a part of a massive cover up operation that is going on. I cannot help feeling that the whole approach of the Committee has been to produce something which may not satisfy the Parliament's conscience as a whole but it will satisfy or keep up the wishes of one individual in this country whose political survival was and still is at stake. That is why, for that purpose, very important materials which should have been obtained -- I have no doubt; when we find the names of some Members in that Committee, about their ability and capacity. Nobody can doubt that. But they have not raised this question -- do not appear from the reports of the Joint Committee. But although the attempt has been made to find out, to provide an escape route for the supreme leader of the party in power but very clumsily that work has been done. In its over anxiety not to see the truth, the Committee has left gaping holes in their analyses of events and in their assessment of events, which I am sure this brute majority in this House will not be able to fill up. I feel that the toddlers will scorn at it.

I will immediately come to some of these aspects. This operation Cover up has not been done with any finesse but with crudity and farical excuses. We should today mourn for the truth because truth is the biggest victim of the attempt of this cover up and white washing report.

PROF. MADHU DANDAVATE: Let us stand in silence for a few minutes.
(Interruptions)

SHRI SOMNATH CHATTERJEE: Along with the truth, the credibility of the entire Parliamentary System of Government in this country has received a rude shock. In a situation of this all pervading nature, if I may say so, of perversities the only redeeming feature has been the illuminating Minute of Dissent which has been described as a post script. It has thoroughly exposed the great hoax that has been perpetrated on the people of this country. We must congratulate Mr. Aruna for the

painstaking and efficient job that he has done for the sake of truth. It has been said that Mr. Aruna has not prepared the draft of his report...*(Interruptions)*

Have the Members of the Committee prepared? Has Mr. Shankaranand prepared it?

SHRI S. JAIPAL REDDY: Mr. Shankaranand has not read it. *(Interruptions)*

SHRI SOMNATH CHATTERJEE: Was Mr. Shankaranand allowed to go through it before he was asked to sign it?

PROF. MADHU DANDAVATE: He was to lay it only. That is all. *(Interruptions)*

SHRI SHANTARAM NAIK: He was asked to comment on that.

SHRI SOMNATH CHATTERJEE: At the same time, we were told by Mr. B.R. Bhagat as to how can a Minute of Dissent be annexed. But why didn't the Chairman come to the Speaker and get his permission to annex it.

SHRI B.R. BHAGAT: Please don't misquote me. I didn't say that it could not be appended. I said that the rules are such that, it can only be done with the permission of the hon. Speaker. That is my point.

SHRI SOMNATH CHATTERJEE: That is what I said. Therefore, the Chairman of the Committee could have come to the Speaker and taken his permission. But he did not do so. The Committee, unceremoniously rejects it; the Member has to come to the hon. Speaker and get his permission. The Speaker permits it. Then an extraordinary procedure has happened...

SHRI SHANTARAM NAIK: Direction 68 is very clear. *(Interruptions)*

SHRI SOMNATH CHATTERJEE: An extraordinary procedure has happened, namely, the Committee sat again on the postscript and gave a judgement on the

postscript. What is the authority of the majority Members of a Committee to pass judgement on a minority report? This is something unthinkable that was done. How can the majority of a Committee call an hon. Member's report as unfortunate, baseless and biased? The partisan majority had no authority to pass judgement on the minority and thereby the majority has only demeaned itself further. *(Interruptions)*

The events have only justified why the real Opposition refused to cooperate with this Committee. They refused to be parties to a sordid drama that was going to be enacted, and our anticipation was not wrong. Our apprehension has been justified unfortunately...

AN HON. MEMBER: No.

SHRI SOMNATH CHATTERJEE: You may go on patting yourselves on your back. But whatever reaction has come out in the media - you may go on abusing the media; the media is no particular friend of ours - whatever has appeared in the media, whatever is being discussed, it is clear that the people are not in a mood to accept this Report. *(Interruptions)*

I am sure the people of this country will not give the slightest credence to this aberration of parliamentary indiscretion.

Sir, what has been the procedure which has been followed by this Committee? I have never, in my very humble experience, even heard anything like this -- I have had the great privilege and honour of being a Member of various Committees -- that Members of the Committee. **

PROF. K.K. TEWARY: I take a strong objection to this. What is he saying? *(Interruptions)*

MR. CHAIRMAN: These remarks are derogatory to the Members of the Committee and to the House and, therefore, I expunge them.

** Expunged as ordered by the Chair.

SHRI SOMNATH CHATTERJEE: I bow down to your wisdom and I withdraw those remarks. But I reiterate that it has been complained that the Members could not even bring out the papers, they were not supplied with papers which they wanted to study; they were asked to do it inside a closed room when four or five copies were distributed among 30 Members to make a study within two hours...

SHRI SHANTARAM NAIK: Because it was leaked to the press.

SHRI SOMNATH CHATTERJEE: It has been complained that no proper opportunity was given for preparation to cross-examine witnesses. When the last visit of the special VVIPs came from Bofors, they were told on the day of their examination, "Yes, come along; there will be an examination of these witness; they have arrived". They were not given proper opportunity.

Shri B. R. Bhagat and Prof. Tewary have said that nobody came forward to give evidence. When one member of the Committee submitted a list of persons, wanted certain persons to be called as witnesses, the Chairman unceremoniously, as it appears, on the basis of the majority vote rejected that request. Even no opportunity was given...(Interruptions)

PROF. K. K. TEWARY: It is frivolous; it is not warranted.

MR. CHAIRMAN: Let him continue. He is not yielding.

SHRI SOMNATH CHATTERJEE: No opportunity even was given to peruse the final report properly. These are the charges which have been made -- I was not there, I don't know. These have been openly made by an Hon. Member of Parliament. Therefore, people of this country have to be shown, have to be taken into confidence as to why these things were done and how it has helped in the proper discharge of functions of the Parliamentary Committee. I would like to know if you kindly look at the terms of reference - another very significant thing - the terms of reference speaks of procedure. I would

like to know whether the procedure for the acquisition of weapons and systems were adhered to in the purchase of the Bofors gun. There was no terms of reference which related to the quality of the gun. This Committee was not assigned the task, the task of finding out the quality of the gun. Why did it go into those questions? I would like to know that... (Interruptions)

15.36 hrs.

[MR. SPEAKER in the Chair]

Sir, I am asking...

PROF. MADHU DANDAVATE: That way, he will also bring in Presidential elections in the report.

SHRI SOMNATH CHATTERJEE: The real object has been to tell the people that a Committee of Parliament has looked into these matters and has found that this gun was the best gun so that apart from allegations of kickbacks, commission and so on and so forth, there will be also a certificate given by a Parliamentary Committee as to the quality of the gun which was never put as terms of reference to this Committee... (Interruptions)

SHRI K.C. PANT: If it is true, why not.

SHRI SOMNATH CHATTERJEE: Therefore, in the absence of opposition, I am not questioning the quality - I am only asking the jurisdiction and the reason of this Committee going into that question. Therefore, they want now realising that the opposition is not there and until unfortunate thing had happened in Madras, they could not even dream of another post-script or minute of dissent, to take this opportunity, in the absence of the opposition, to give a certificate to the quality of the guns so that no doubt remains... (Interruptions)

Everybody has got one hour. Today, I thought, you are in a very expansive mood. Therefore, I would like to know, of course, I do not know what is the explanation that the Hon. Minister of Defence gave. I am

sure, he was not involved in the deliberations of this Committee.

The major point which has been agitating the public mind is, namely, the question of payment. When the first allegation came over the Swedish Radio, there was an immediate response. Probably Prof. K. K. Tewary was asked to prepare the draft. Immediately, what came out was "false, mischievous, baseless and so on." "Destabilisation" and so on and so forth came out. I do not know, if he was probably, till then a Minister. I do not know. They are coming and going so often and so fast and having so many directions, it is very difficult to keep a track.

Immediately, then our Prime Minister said, "we have asked the Swedish Government to go into it." Even the National Audit Bureau... (*Interruptions*)

He has become almost a professional heckler. I have to use the word 'almost', otherwise, breach of privilege will be there.

PROF. K. K. TEWARY: You are contradicting all the facts. (*Interruptions*)

SHRI SOMNATH CHATTERJEE: Aren't you exhausted after so many... (*Interruptions*)

The point is, subsequently, it came out and accepted that money has been paid. The term of reference says:

"to ascertain the identity of the persons who received, and the purpose for which they received, payments of the following amounts:

(a) SEK 170-250 million" etc.

I have no time to go into it.

Therefore the term of reference was not to ascertain whether money has been paid; but to whom paid. Therefore there is no question of payment; payment has been made by Bofors. To whom? How do they go about finding out 'to whom'? They called Bofors. Bofors said, they have not paid. There is a long narration here, if you

have time you may go through it. It is neither a literature nor it is an interesting reading either - without meaning any disrespect to whoever is the actual author.

The point is that you will find only narratives, only quotations, extracts from evidence given by Bofors people. You ask the bribe giver to give the names of the bribe taker and you say that if you give it, well, it will be good; if you don't give it; it will be all right. Because we will not take any action against you. If you cooperate, very well; if you don't cooperate, very well and still better because no name comes out! It is amazing Sir!

Kindly note that thereafter it appeared from Swedish sources that three concerns have been paid the money. There was no doubt as to who received the money. These companies received the money. Then the exercise was to find out who these companies really were; who were the people.

This is very very interesting. I will beseech you to kindly spend a little time over this. I cannot think of a greater travesty of truth. What has happened? What was the job supposed to have been done by these concerns? If you see Page 148, Para 7.015, there is a quotation from the President of Bofors as to the services rendered by these companies. It says:

"There are different types of services and I can mention some of them. For example, one company's services were advice on marketing activities on Bofors products, advice on products of interest for customers and advice on technology transfer and cooperation."

Nothing to do with the commission. Nothing to do with their trying to sell products in India or to any other foreign Government. These are all technical advices.

"For another company, the services were consultancy on international banking relations and counter trade, advice on the general development in different markets; and for third com-

[Shri Somnath Chatterjee]

pany, the services were advisory, consultancy and support services, for instance to perform comparative analysis and to advise and suggest solution of important problems that may arise during our performance."

That means nothing to do with any agency work. Really giving consultancy services, not connected with any particular prospective buyer or customer. It has also been said by them that they had nothing to do with India, in the territory of India. Kindly come to Page 174, Para 7.189. They said:

"The Bofors' representatives have admitted that three companies, not domiciled in India, were assisting them in connection with the contract for the FH-77-B Howitzer gun under consideration of the Ministry of Defence. They have, however, denied that these companies were anything more than Consultants to Bofors, and stated that they were not used in any manner within the territory of India."

The companies had nothing to do with the negotiations that were going on. They never operated within the territory of India. They were giving technical services not connected with persuading the Ministry of Defence or any authority to purchase these guns. Nothing like that. These concerns' arrangements were supposedly terminated by way of paying winding up charges.

Now, Sir, when the question of ascertaining the whereabouts of these concerns came up, the identity of the people behind these companies came up it has been found by the Committee that the information which was given by Bofors to the Committee and to the Government of India were almost bogus information. I draw your kind attention to page 132. One company is Svenska registered in Panama. Three ladies names are there. Then it appeared that the address given by the Bofors was all wrong. It was the address of a bank. The bank disputed that they had

anything to do. Our investigating agency says it only consisted of three ladies. It has almost no activity. Inquiries conducted in Panama revealed that the company was managed by an advocate who was also acting as the local representative of the company. The investigating agency also gathered that the President, Vice-President-cum-Treasurer and the Secretary of the company were all ladies and were not persons of any means and that is why her office address had been given as their address. This company hardly ever had any transaction. Inquiries conducted at the address in Geneva, namely; Rue Du la Confederation disclosed that it is the office of the Swiss Bank Corporation and obviously this is the address of the bankers of Svenska Inc., Panama. This is the company with which solemn agreements had been entered into by Bofors when they have nobody to give them any consultancy, there have been no transactions, etc. Svenska has received 188.4 million Swedish Kroners. Its address is unknown. Its activity is unknown. It has not done any transaction ever. That is why they have deliberately refused to produce any document -- either original agreement or cancellation agreement. They cannot afford because these are all bogus concerns. The Committee itself has found that these are front organisations,

Then, Sir, Moresco. According to Bofors one Mr. La Fonte, an employee of Credit Suisse (Bankers) was aware of the payments made to the company. The inquiries made by the investigating agencies revealed that no person by that name was working in the bank. According to the investigating agencies the functioning of Moresco (PITCO) seems to be mysterious as no trace of this company has been found at the address in Geneva given by M/s. A B Bofors. It seems the company registered in Switzerland is only a front organisation being run by persons not residing in Switzerland.

As regards M/s. A.E. Services Ltd. it is in England. It is a company with a huge paid up capital of only 20 Pounds. With these three concerns Bofors had entered into allegedly contracts on such important

nature. These names have been invented and no document has been produced because through these fictitious names the amount that is admittedly paid can be shown to have been paid through these companies. The money has gone ultimately to some other person and any real person cannot be disclosed. This is amazing and you have accepted the Bofors statement who have openly given you false addresses, who have given you names of companies which are bogus organisations as having entered into transactions with them. Now, when they have found out to be all bogus, this Committee has accepted whatever Bofors has said as Gospel truth. This Committee should have said in all honesty that unless the Bofors is compelled to give the figures, we cannot do any justice to this. How will they come? They have come to the finding that no Indian has received any money or no NRI has received any money. How do you come to this positive conclusion? You have not been able to find out the addresses of these three payees of this money. One is 188.4 million SEK, other is 81 million SEK, another is 50 million SEK and these amounts have been paid to concerns with no address, with no activity, with not even a letter-head, with no banking account! It is unfortunate thing that our Committee has accepted Bofors' testimony with regard to everything. Therefore, it is a company which can enter into such shady transactions - a fictitious concern - which is deliberately avoiding to give particulars and information to a Parliamentary Committee, all this information when the highest persons in both the Governments are under attack. If the allegation is proved to be false, their whole position will not be compromised further. They will be restored. Even in spite of that, the Committee has accepted whatever Bofors has said, whatever his officers have said without any investigation. I would have been very happy if this Committee had made a recommendation to the Government threatening Bofors with the cancellation of this contract.

You will find from the report in newspapers also. There was a celebration in Bofors, in the town where Bofors company

is situate, after this contract was given. Otherwise, Bofors company was closing down. People were going to be retrenched. They celebrated. They hoisted the Indian flag because this Indian contract saved that company and its employees and the defence industry there. They cannot possibly afford to annoy the Government of India to disclose even with all confidence, with all secrecy, the real persons, the real addresses. These are front companies. These are fictitious concerns which have been thought of for the purpose of siphoning of funds through the names of these companies.

Mr. N. D. Tiwari said solemnly in this House on the 6th of August 1987 in the Rajya Sabha -- I stand corrected:

"We have decided to enter into a treaty for mutual assistance in criminal matters with Swiss authorities".

SHRI DINESH GOSWAMI (Guwahati): Here also.

SHRI SOMNATH CHATTERJEE: I am thankful to Mr. Goswami. Then, no approach has been made. One year has gone by. Swiss Government spokesman said: There have been no talks on a treaty or exchange of notes or memorandum of undertaking. Swiss accounts could have been looked into if our Government had entered into a treaty as Mr. N. D. Tiwari -- your own Finance Minister now -- has promised to the House. What has happened to this treaty? What has happened to the approach made to the Swiss Government to disclose the particulars of the Swiss accounts?

Sir, I am very sorry that I cannot accept this report. I must say that I am unhappy that very many respected friends and Members of this House have unwittingly become parties to this. For that reason and for personal reasons, we cannot accept something. We cannot but reject fully and wholeheartedly.

SHRI BIPIN PAL DAS (Tezpur): Mr. Speaker, Sir, I must say that I am extremely sorry that learned Members of the

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Opposition have only indulged in hurling abuses against the Government and the ruling Party, and also against the Joint Parliamentary Committee. Mr. Chatterjee went to the extent of describing the Members of the JPC as something which earlier has been expunged. (*Interruptions*)

I never interrupt anybody. I am sorry that this has been done by the learned Members of the Opposition instead of discussing the issues on merit, and that is exactly why, perhaps, they opted out of the Committee at that time. It will be noted, as stated by my friends, that as soon as this news came out in the Swedish Radio, it was the Prime Minister who took the initiative, called the Leaders of the Opposition, asked them what to do. At that time, they were demanding -- Parliamentary Committee for everything, and when the Prime Minister agreed to have a Parliamentary Committee, they found some excuse and opted out. The reason was definitely political, and today's debate indicates very clearly that they have not examined the Report on merit but they are trying to make a political game out of it. I am extremely sorry for this.

This is not a usual Committee. This was a special Committee entrusted with an extraordinary task to perform. I must say that the Committee have acquitted themselves very creditably, with dignity and honour, thereby raising the dignity and prestige of the Parliament as a whole. This will go down on record that such a Committee for such a purpose, appointed for the first time, has done an excellent job with dignity and honour. And they will raise the prestige and honour of this Parliament for all times to come. They have now placed all the information that came to this hands before the Parliament, before the nation. It is for us to judge now. It would have been better if these Members were also Members of this Committee. I would have been happy personally, if those who opted out were also Members of this Committee. In that case, they would have been able to make

an effort to find out the truth, instead of shouting and hurling abuses against our party, against the Government and the Prime Minister. They would have been able to find out the truth and help the Committee in finding out the truth. What they are saying here, they could have said inside the Committee. They did not do so deliberately, in order to make a political capital out of it.

I hope that this JPC Report will be treated with due respect that any Parliamentary Report deserves. I must also compliment the government, and particularly the Defence Ministry, for the excellent co-operation given to the JPC not only by appearing before them as witnesses, but also by supplying the classified documents for the Committee's perusal. Sir, I have been a Member of so many Parliamentary Committees. Classified documents are never made available to Parliamentary Committees. This is the first time that the Government has gone out of its way to place the classified documents before the Committee for its perusal. It is an extraordinary step which the Government have taken in the interest of the truth, in the interest of the nation, of the country. There is no doubt about it. Otherwise, they could have refused on some plea or some excuse. It is a matter of credit for the Committee that two leading representatives of the Bofors Company appeared before the Committee in India. On Indian soil and the Committee was successful in dragging Win Chadha into the witness box. These are no mean achievements of a Committee of this type.

16.00 hrs.

There are three basic issues before us today. Firstly, whether the gun purchased is of a high quality and suitable for our purpose; secondly, whether the price paid or contracted is reasonable and thirdly, whether there were any middleman involved in the purchase of these guns. These are, in my opinion, the three basic issues which we are confronted with. There are, of course, certain other side issues also.

I am not a technical man, certainly not an expert on guns. It is for man like General Sparrow or Col. Mushran to give an opinion about the quality of guns. However I am convinced after going through the report and other papers that the Bofors gun was the best available for us in the competitive market. Although there were four systems before us at the beginning, ultimately Bofors and Sofma systems were adjudged by the army since August 1984 to be the only two acceptable systems. Both were well-known with well established reputation and technical competence. It is true that at first General Sunderji rated Sofma first and Bofors second in 1982. But because of change in threat perceptions primarily the reported acquisition of target radars by our neighbouring country. General Sunderji gave higher rank to Bofors in February 1986 because of its true burst fire and shooting capability. The Army Headquarters opinion in 1986 was that Bofors gun should be acquired even if it was more costly.

The JPC report has clearly established that the procedures prescribed for the acquisition of weapon systems were faithfully followed by the Army Headquarters and the Ministry of Defence in the purchase of Bofors guns. After examining all aspects of both the Sofma and Bofors systems, JPC has come to the conclusion that the best gun has been selected for the Indian Army. It is in this connection that I would like to refer to Field Marshal Maneck Shaw's opinion. You may accuse General Sunderji of something because he was in service at that time, but Field Marshal Maneck Shaw is not in service. He said publicly that Bofors was the best gun available for this country.

Shri K. K. Tewary also referred to General Jagjit Singh Aurora and others. They also certified this gun. Why did they certify this gun? If they all certified this gun to be the best gun available for this country; certainly we did not make any mistake in purchasing the gun. We have done the right thing. Therefore, there is hardly any room for questioning this conclusion of the Government and the Committee.

If there is anybody who wants to question the judgement of Generals in such matters, he must also think of the consequences of questioning the judgement of our Generals in such matters. Nobody can question the integrity and patriotism of our armed forces and our Generals. We are proud of them. And we have full faith in them. I do not think any armed force will let down this country. They have not done in the past and they will not do in the future. In some sense they are more patriot i.e. than we are and we must have full faith in them. When they certify this gun, we have to accept it, because I am not a technical man, not an expert of the guns.

It is not correct for Mr. Aladi Aruna to say that after 1981-82 the systems were not re-examined or revalued. It is not correct. The committee has examined it and given their comments on it. The improvements made to the system were observed by competent and senior personnel on more than one occasion after the initial trials and evaluation and the result thereof have been tabulated and assessed. This was done more than once and discussed in detail in the negotiating committee meetings. Initially the French system appeared to have an advantage because of commonality which it might have had with self propelling gun, but later on it appeared that in all respects, I am not going into the details, in the matter of range, in the matter of fire power, in the matter of faster rate of firing, in all matters, later on the Bofors gun was found to be superior to the French gun.

Finally, Sir, because of the acquisition of fire finding radars by potential adversary, more weightage naturally had to be given to burst fire capability which Bofors possesses. It was also assessed that in future development it would be relatively easier for the Bofors gun to attain still higher ranges, whereas it would be more difficult for the French gun to attain the degree of automation and burst fire capability of the Bofors system. These are in short, Sir, the reasons why the Army General, General Sunderji finally opted for Bofors in 1986 as more suitable in the prevailing circumstances.

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Other points raised by Mr. Aruna are wholly irrelevant in this respect and politically motivated. In brief Mr. Aruna's note is a by-product of the political developments in Tamil Nadu. JPC has gone through the entire records. Now, he talked about the procedure. JPC has gone through the entire records of the selection process and examined senior officers from both the Army and the Defence Ministry. The Committee was convinced that the procedure adopted and the final selection made by the Army Head-quarters were not of any single individual but the result of the institutionalised process.

Now, about the price. So far as the quality is concerned, there is no doubt that we have selected the best gun but what about the price. Again, Sir, I do not want to go into the details. During the negotiation period the prices went up and down. Sometimes the Bofors was cheaper and sometimes the French was cheaper. It went on till the end, but towards the end -- I must give the compliment, it was creditable on the part of the Price Negotiating Committee to adopt such an approach in negotiating that the Bofors price came down and the price for the French system went up relatively speaking. This happened at the last moment and, therefore, from the point of view of price also, it was quite justified for us to buy the Bofors gun in place of the French gun. I may also point out, Sir, when the Price Negotiating Committee was examining the price question in all aspects, not simply the market value but in all aspects, from the future possibility point of view or from the expenditure point of view, during that time in that P.N.C., the Price Negotiating Committee, there were three representatives from the Finance Ministry. Who was the Finance Minister at that time? Shri Vishwanath Pratap Singh was the Finance Minister at that time. He was kept informed of the day-to-day developments about this Price Negotiation Committee proceedings. When we finally accepted the Bofors gun for Rs. 1427 crores - if I am not wrong - instead of Rs. 1436 crores of the French Gun, Shri Vishwanath Pratap

Singh accorded his approval. It was very clearly understood that it was not dictated by somebody in the Defence Ministry or in the Prime Minister's office. PNC had gone into the whole process according to the rules and procedures. The Finance Ministry was kept informed. They were kept in the picture when it was approved. So this must be understood very clearly. The substance is that a superior system was purchased at less than the floor price of a relatively inferior system. That itself justifies the entire deal in financial terms. The Price Negotiation Committee succeeded in its strategy of generating intense competition among the suppliers. As a result, there was a reduction of more than 15 per cent during the final stages of negotiation with Bofors which yielded a saving of Rs. 192.5 crores for India.

Shri Aruna has raised some other points. I will not go into them. I will simply say that this computation by the Price Negotiation Committee experts took into account all elements of cash flow including advance payments to be made, guarantee, premium, rate of interest and other debt service charges, etc. The Price Negotiation Committee took all these factors into account and came to a conclusion. The Department of Defence Production and Supplies stated that it was not possible to come to a final opinion as to which was the cheaper offer of the two. The reason was that till the system had been selected and a project prepared for its licensed production and investment costs concretised, the financial implications of licensed production could not be accurately estimated. Therefore, fluctuations went on till the last moment. That was the reason of fluctuation. So, in the final stages of negotiation, Bofors were compelled to reduce their price by almost Rs. 200 crores, before it succeeded in securing the order. It is therefore clearly established that the system preferred by the Army was acquired at comparable prices to the floor price of the French system. Moreover, the financial advantage inherent in the induction of Bofors system because of its smaller crew would in long run yield a saving of tens of crores to this country.

Shri Aruna also raised the question of deliveries. Deliveries were to be completed by Bofors within 51 months as against 52 months of the French system. But the commencement of supplies from the Bofors was much earlier. The initial consignment of 12 guns were to be made available to us by Bofors within three months of the effectiveness of the contract which we utilised for training purposes. Initial deliveries from the French system were to commence after eight months. The contract was operative with effect from 3.5.1986 and the first delivery was made by the Bofors on 29th July, 1986.

SHRI INDRAJIT GUPTA (Basirhat): After six months, instead of three months. Please see your brief, whether it is correct or not.

SHRI BIPIN PAL DAS: 3rd May 1986 to 29th July 1986 is not six months. With my little knowledge of arithmetic, it is less than three months. The first consignment came within that period. That was not available for the French system.

Some people have questioned the time spent in finalising the contract. The time spent in finalizing the contract was to our advantage, as very favourable commercial terms could thus be obtained. Thus it is clear that both from the point of view of quality and terms of purchase, Bofors were the best available system for us. There is, therefore, no question of any extraneous influence in this deal. It stands justified on its own merits.

It has been irrefutably established, as acknowledged by the Swedish Government, the Bofors and the Swedish National Audit Bureau, that our Prime Minister personally expressed to Olof Palme that there must be no agent whatsoever; and that was accepted by Bofors at that time. The Prime Minister was very careful right from the beginning. When there was almost a decision to purchase this gun, the Prime Minister insisted that there should not be any middlemen, and they all agreed. (Interruptions). The Bofors representatives refused to disclose the identity of the re-

cipients of their amounts, on grounds of breach of contract and commercial secrecy. My learned friend Mr. Somnath Chatterjee has tried to cut jokes about it, and has made much fun of it. If the Bofors representatives persistently refused to disclose the identity of the names, what can we do? what can you do? what can God do? They came here twice. They refused. Is that our fault? Is it the fault of the Committee? Did not the Committee try for it? Is it the fault of the Government?

The Swedish Public Prosecutor--please note this-- was also unable to find evidence to support a conclusion that an offence had been committed under Swedish law. The Swedish themselves failed to come to any conclusion that their own law had been violated. Our Attorney General also tendered similar advice. The JPC had taken, on record, a certificate by the Public Accountant in Sweden confirming Bofors' statement that agreements between Messrs Bofors and other parties, some of which originated as long ago as the '70s, had been terminated, and were no longer operative. This was the certificate given by the Public Accountant of Sweden, and this has been put on records.

The termination costs were paid during December 1986, and these termination costs were substantially lower than the amounts which would have been paid if the agreements in force during 1985 had been applied.

Finally, the prices in the Indian contract were lower than comparable prices offered to any other customer by Bofors elsewhere. So, in the absence of any other reliable evidence to the contrary, the presumption goes in favour of Bofors' claim that payment of winding-up costs was in their best interest. It was in their interest--that is what they said, and it cannot be contradicted.

I do not want to touch Vin Chadha because he passed through several metamorphosis. At one time, he was an agent at some other time, he was somebody else. Ultimately, at the time of our signing of this agreement, he was certainly not an agent

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for the Bofors. That is very clear; and in any case, he could not give any information when he appeared before the Committee. So, there is no purpose to be served. He was only a supporting hand and not an agent in the true sense in 1986. Direct business negotiations were handled by the Bofors and none did them on their authority.

I do not want to go into the opinion of the Attorney-General. He gave an exhaustive opinion. It is already in the Report. He said very clearly that in the absence of an agreement between the Bofors and the recipients, it will be difficult to say whether the amount paid constituted a commission and was against the terms of contract. He also said that it was proper for Bofors to seek expert advice on various aspects and such persons or agencies would not be a "middle man" in the true sense. Thirdly, he also said that merely from the circumstances of the Bofors having paid a certain amount to certain companies one could not draw an inference that they were middle man. Fourthly, he has also said that in law no person could be expected to prove negative. A very important statement he made. Only the positive could be proved by evidence and the burden of proof would lie on others and not on Bofors. He also said that Bofors were entitled to claim confidentiality. His final opinion was that on the basis of available evidence, an inference that the payment made by Bofors would help in winning of the contract would not be drawn.

I have quoted the views and opinions of the Army experts. Then I said what happened regarding fixation of the prices, what role the Finance Ministry played and the Finance Minister played. Regarding legal aspects and other aspects, about middle men, the opinion of the Attorney-General has been very clearly given. Are we to go by the Attorney-General's opinion or not? After all, who is there in this country in the legal field whose opinion will count more than the Attorney-General's. If you do not want to accept Sundarji's opinion, if you do not want to accept the Attorney

General's opinion, if you do not want to accept anybody's opinion, whose opinion are you accepting? You are accepting the opinion of some people who read something in the newspapers occasionally; you are going by the opinion of those people. I do not want to name them because that will again hurt you. That is the crux of the matter. The whole problem is that you are guided by some people who are interested in destabilising our Government, our system, our Prime Minister and who are interested in weakening this country. You are not guided by Army experts; you are not guided by our own officers; you are not guided by the Finance Minister; you are not guided by the Attorney-General; you are guided by some people who are out to destroy this country. This is the conclusion that I have to draw; unfortunately, logically speaking that is the only conclusion that I have to draw after listening to you. Therefore, there is no evidence to show that any middle man or any question of bribe was involved. *(Interruptions)* You ask Bofors. It is they who have paid. We do not know why they have paid. It is their business. I do not know why he is spending so much of time in discussing this matter. It is their business to pay and for what purpose they paid; whether it was for washing the bath room, I do not know; whether it was for cleaning the floor, I do not know; it is for them to tell you.

MR. SPEAKER: No arguments on the floor of the House.

SHRI BIPIN PAL DAS: We do not know. Therefore, the question of payment to any Indian or Indian company, whether resident in India or not, does not arise. There is no evidence to establish that Bofors payment of SEK 319.4 millions involved violation of the Indian law. They also said that there was no violation of any Swedish law.

Sir, JPC, our Committee -- I conclude by saying -- reiterated that in contrast to what Mr. Aruna has stated, it was amply emphasised that it was at the instance and insistence of the Prime Minister that a total prohibition was placed on employment of middlemen so far as the Bofors contract

was concerned. Even the Prime Minister's final approval -- that is my last sentence -- even the Prime Ministers final approval to the recommendation of the Price Negotiating Committee, in his capacity as the then Defence Minister was accorded after the then Finance Minister and the Minister of State for Defence had cleared the proposal without any reservation.

SHRI INDRAJIT GUPTA (Basirhat): Mr. Speaker, Sir, towards the beginning of this debate the Honourable Minister for Parliamentary Affairs and for Information and Broadcasting also, had a jibe at my colleague, and said that he has been proved to be a damp squib, the Mover of this Motion. Well, all I can say is, that this Committee and the Committee's report, have proved to be more of a damp squib. Not that I am surprised in the least, because you will pardon me, but I will just refer briefly today to my two speeches which I had made in this House, which I am sure the Defence Minister may be able to recall, during that period when the question of constitution of this Committee was going on. One discussion we had on the 3rd of August last year and another one on the 26th of August and on both those occasions I had made it quite clear that there was not possibility whatsoever, of finding out the recipient, or the recipients of this money, unless Bofors, the Company itself was willing to disclose the necessary facts, which they obviously were not in a mood to do.

It does not take so many months to enquiry by the Committee to establish this fact that Bofors is not going to tell you who they had given this money to. I was sure of it from the beginning, because we have no sources of our own.

SHRI BIPIN PAL DAS: Your friends were not sure.

SHRI INDRAJIT GUPTA: Because, the original evidence which could not be denied by anybody came from the National Audit Bureau of Sweden, not from the Swedish Radio, from the National Audit Bureau Report, up to which time, up to the time of the report of the National Audit Bu-

reau of Sweden what was being said was that the whole thing is a concoction, a fabrication or allegation, which has no purpose behind it except to discredit the Prime Minister and destabilise the Government. Nobody paid any attention from that side to the Swedish Radio or the Swedish Press. Many allegations were made by them. It was only after the irrefutable evidence contained in the National Audit Bureau Report, of the Swedish Government was revealed, in which it was admitted that the large sum of money, some 60 to 64 crores in our money, has been paid -- but to whom it has been paid is being kept confidential and will not be revealed -- it was only after that the Government and the Prime Minister, I think, left with no other option then, had to agree to our demand for a Parliamentary Commission. Before that you never agreed. Before that you said, the whole thing is a fabrication and a concoction. So, it seems that we put more credence on external sources, ultimately. Ultimately you could not deny this National Audit Bureau report of Sweden. But even then, after that when our discussions began, I had said and some other friends also said, I do not think that they had much confidence that this Committee would be able to find out, who the money has been paid to. The only way you perhaps can do it, I am not quite hundred per cent sure, but there was a chance of doing some arm-twisting with Bofors. They are interested in selling us these guns. You have heard about how happy they were when the contract went through. How they celebrated it in Sweden and all that. They are very much interested in selling us that gun. It was a very big order. Therefore, we as the purchasers as the buyers would certainly have to some extent a whip hand, we could do a bit of arm twisting that if you do not tell us to whom this money has been paid to, we will have to reconsider whether we buy these guns from you or not. But, that is not the way of our Government.

I am only sorry now to find that all the Members who have spoken from that side, nobody seems to regret at all the fact that we could not find out. There was no ex-

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pression of regret. They are all so happy. My friend Shri Bipin Pal Das was saying, everything is there, established in law, in finance, in commerce, artillery expert, what not do you want. Don't you feel a little bit of regret that we have paid this money for these guns and a huge amount of Rs. 60 or Rs. 65 crores... (*Interruptions*)

Now you want me to yield. Why should I yield ? You had a very good brief with you and you did justice to it. I am not doubting that. (*Interruptions*)

SHRI BIPIN PAL DAS: You are misquoting me. (*Interruptions*)

SHRI INDRAJIT GUPTA: You stuck very meticulously to your brief. That is good.

Bofors Company, I think there is no harm in saying now because a lot of evidence has come out subsequently, is not a company which is always having very straight hones and above board deal not only concerned with India but with so many other countries, where they have been accused of violating certain norms and certain laws of the Swedish Government itself in the matter of supplying defence equipments to areas and regions, where they are not supposed to do it. Anyway, we picked on this company. Now, Sir, they are refusing to tell us. All that business of drawing those fraudulent names of three companies across the trail in order to confuse people and all that, has been adequately dealt with by my friend Mr. Chatterjee and I do not wish to relate and repeat all those things. Fraudulent companies, they do not exist at all, those names had been given by the two representatives of Bofors who came all the way to India. Those names were given to the Defence Secretary. They were given subsequently to the Committee. In the Report, the Committee has accepted on the face of it that the payment has been made to those three companies. But any such slightest investigation shows that there are no such companies. If there are such companies, they were nothing to do with the work of the commission agents or ne-

gotiations or anything like that. It is impossible to believe that all the money has been paid to them.

Then, Sir, there is a question of Win Chadha, whom we could not get back from America all these times because we have been told that he is a holder of a green card. He had a son, who had gone to our Embassy or Consulate, I do not know, at Washington or somewhere else in order to get their papers and travel documents and all that put in proper order. All this was known to our people there. Our missions abroad knew all these things. They knew that he was wanted here. Anyhow, we have said that we cannot do anything because he is a holder of a green card. We found out later on that he has no green card. Of course he says that he had surrendered it back voluntarily to the United States Government. I do not know whether this is a fact or not. Apparently, our Government was not informed by our missions abroad. I do not know what kind of responsibility or what kind of efficiency some of our missions abroad have if they do not keep track of things at a moment like this. Anyway, Mr. Win Chadha ultimately came here or he was persuaded to come or he thought it necessary and decided to come. Because just a few days earlier there was a talk of a sub-committee of the Committee going to America to interrogate him. It was protested rightly on the floor of the House that we should not demean ourselves to that extent. It was not done, I am glad. And he came.

I am referring to Mr. Aladi Aruna's note, only those parts where he had quoted from other people's evidence or some documents and not his own comments or observations. That you will say, it is motivated, prejudiced and all that. Apart from this, I have never seen this kind of prejudice being shown before that in the contents of this report, his note is given a post script. I was looking for his note. I could not find it. I was looking in the contents where the note is. There is no mention of that there. Then I found that it is under the heading post script. Post script has a specific meaning as far as I understand. Even in the contents they are not willing to write

at the bottom a note which is appended or minutes of dissent by Mr. Aladi Aruna. It was written post script hoping that it will be somehow hidden or concealed below all these.

Now, referring to Mr. Win Chadha, who has, I believe, as reported, told the Committee that he was never an agent or never a middleman of the Bofors. Mr. Lars Gothlin, one of the spokesman of the Bofors, has said this in quotation marks. So, I take it that it is not something cooked up by Mr. Aladi Aruna. Lars Gothlin has reiterated:

"The old contract (i.e. Win Chadha's contract) was a commission contract and in order to follow up the requirements made by your Prime Minister the Company terminated the commission contract with Anatronics General Corporation."

Anatronics General Corporation, as you know, is Mr. Win Chadha's company. Here Mr. Lars Gothlin is admitting that the contract with him was not a contract simply for supplying DLY cars and booking rooms in hotels and that kind of thing, as he was trying to make out at one time. It was a commission contract which Mr. Lars Gothlin felt had to be cancelled or terminated because the Prime Minister of India had insisted that there should not be any commission agent. So, what was Mr. Win Chadha doing here all these years? What services was he performing? What services was he rendering? It was not known to this Committee. They never tried to find out anything. But the contradiction comes here that our CBI agency, which was also carrying out parallel investigations, had confirmed that Win Chadha received payments "for the services rendered during the trials of the gun and negotiations of the contract". This is what the CBI says. Either the CBI is wrong or Mr. Win Chadha is wrong or the Committee has been taken for a ride. The Defence Minister should tell about this. But no ordinary person in this country believes that a sum of Rs. 2 lakhs per month is being paid to Mr. Win Chadha only for performing technical jobs like hiring taxis and hotel rooms and all that, months after months and for years to-

gether. I heard something, but I do not want to say it here, about some matrimonial connections of some of the members of his family. I do not want to say it here because it is not confirmed by me yet. But it is very interesting if it can be confirmed. But he has some contacts. And naturally so because all these companies operate through people who are useful to them because they have contacts and links with a number of important people in Delhi sitting in important positions in the Government. That is the only way that can help these companies. Everybody knows it and every child knows it. There was a time when they used to operate from the Central Hall of Parliament until a rule was made that they would not be allowed to come here and enter here. Nobody was allowed to bring such people here. Everybody knows it. There are many such instances I can give. It seems some points came up in the mind of the common man who is really worried about this whole affairs. It seems, the Committee should have been more persistent, more interested to pursue it further and find out what are the facts. But this kind of a thing is totally lacking in the committee, I find. Contradictory statements are made before it, absolutely contradictory statements, and still they believed them at that. They do not bother to try to find out who is telling the truth and who is telling the lies. In my speech on the debate on the third of August, I had complimented Mr. K. C. Pant on the letter which he had written on the 16th of June, 1987 to Bofors and I had quoted from the information that was furnished to us, in which he had asked for information from Bofors on five specific points. I had raised it in this context that I would be very happy if he would agree to incorporate these five points in the terms of reference of the then proposed committee, because we were not concerned only with the question of who received the money. That was one point -- important point, no doubt. But I always held, from the beginning, that you will never find out who received the money. But is that the only thing we are concerned with? This is a security matter. It affects the entire security and defence of our country for the future. All we are concerned with, or not

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concerned with, is to find out who took the money. I had said at that time that it is not true, and Mr. Pant, in his letter to Bofors, had asked for information on five points, two of which are about this amount of money -- who received and how much money. The other three points were:

- (iii) The services rendered by such persons or companies with reference to which such amounts have been paid -- Bofors is not going to tell us;
- (iv) The copies of contracts, agreements and correspondence between Bofors and such recipients;

Have they been obtained by the Commission? They are not available here in this book.

SHRI SOMNATH CHATTERJEE: They have refused to give.

SHRI INDRAJIT GUPTA: Or did they refuse to give?

- (v) All other facts, circumstances and details relating to these transactions in their possession.

Well, obviously they are not in any mood to give us all this information.

These are what Mr. Pant at that time had considered crucial and I had requested him that kindly make these also part of the terms of reference of the Committee. That also was not done.

Another question on which I had been very insistent -- I raised it a number of times; Mr. Pant knows it, Mr. Patil knows it -- was whether and to what extent this agreement with Bofors provides for the right to manufacture this gun indigenously here in our country, and what is the technical knowhow arrangement for that because without their designs and their documents and all those things, we cannot make that gun here. Do you really think

that the gun is such a wonderful gun, as you are trying to make out? -- I am not going into that now. Leave it at that the artillery people know more than we know about it. So, there are some uncomfortable questions which have remained and which I suppose will never be answered. I do not want to rake them up now because once we have contracted for the gun, it is no use all the time trying to point out that there were certain features of the gun which were not the best. There were other guns which were better in some respects, the Bofors gun was better in other respects. That is true. But who is to decide? People who were given the authority to decide, decided. But what about the future indigenous manufacture of this gun?

Now Sir, I find in this Report a very interesting thing. I got this Report only this afternoon. That is why it is rather difficult for me to ... (*Interruptions*).

PROF. MADHU DANDAVATE: Chairman also got it today.

SHRI INDRAJIT GUPTA: The fact, which is still unknown to us, to Parliament and to the public is that it is correct -- it will finally be corroborated by the Minister -- that Messrs. Bofors agreed to grant exclusive licence and right to manufacture this medium 155 mm gun in India, provided the Government of India undertakes to purchase fifty per cent of the total contract orders of the gun system, namely, the direct sight, night sight, aiming, coordinator, H.E. shell etc., from Bofors because these items are not manufactured by Bofors. These items are not manufactured by Bofors. But Bofors' condition was that 50 % of these items will have to be bought directly from Bofors by us and the Government of India agreed to buy more than half of certain items like vehicles from Bofors. Without this, they were not willing to give us any licence right to manufacture in this country.

Now Sir, in my speech on the 26th August, 1987, I had referred precisely to this fact that what is being sold to us in the package deal includes sub-system, which are manufactured or provided by other

firms, and not by Bofors and their representatives in this country. Their agents, their commission men are here. Did the Commission try to find them out what they were up to? I am just quoting this. Government never told us also whether any investigation had been carried out. There is, for example, one Mr. Vinod Khanna who is an agent in India for the Saab-Scania trucks which are used for towing the gun. I said he may be just an employee of Mr. Thapar, I do not know. He lives in Golf Link. At the time when the news broke out of the money being taken, he was perhaps away on a visit to London. His house was raided here. I do not know if anything was found or not. Then, Sir, about any action was taken, no mention of him anywhere. There are also Volvo B-20 auxiliary power units which are used on the gun. They are not manufactured by Bofors, they are manufactured by Volvo and their agent is Mr. Jagannath Rao who runs the firm called Jagat Agency. He is very much here and available. There is a Marconi defence system which mainly consists of the computer which is incorporated with the gun. Here we got Mr. Rajiv Chowdhary and Mr. Sudhir Chowdhary who are agents of this Marconi defence system. They are here in India. Have you tried to do anything? Have you tried to find out anything, how much operations and dealings of these people go on? The Commission has done nothing about it. And yet I find now, if this is correct, that the agreement in order to get the licence right for manufacture here, we are pressurised, we do not pressurise Bofors, Bofors pressurises us, to see that 50 % of money of these items of assembly of components and all that which are not manufactured directly by Bofors but by other people will have to be bought by us from Bofors. It is an interesting point which I am raising. Then do you think I leave on uncomfortable questions in the minds which are not necessary, I want to know? I do not know if this Commission is the last Commission that this Parliament is over going to have so that this matter is ever going to be pursued or not. Then Sir, my friend here has spoken a lot about the Government that commercially speaking and in terms of credit and all that, this was

the best deal that we could do with Bofors. In his note, Mr. Aladi Aruna - I want to know whether it is a fact or not or whether it is just the propaganda - says what is not being stated here that we have to pay Bofors only 49% in Swedish kroner, the remaining 51% has to be paid in German Deutsche Mark and therefore when you calculate what you have to pay for the total contract value, a part of it you have to convert from Swedish into rupees, the remaining 51% from German Mark into rupees and, therefore, what the total amount is, how much we are actually having to spend and compare that with the French gun it is to be paid for only in single currency, that is, the French Franc and according to this report, M/s. Sofma of France, though its price was a little higher than Bofors about 9.73 crores more expensive, but they have agreed to supply spare parts and maintenance of equipments free of charge for five years, I do not know. But then in commercial, in terms of credit, it does not necessarily follow that Bofors gun was the best deal apart from questions of range and all that. I am not going into that. There is no use in going into that. The fire-burst may be very good, their maneuverability of speed and we also received the briefing from the Chief of the Army Staff. So, we also know something about that though I am not a Member of that Committee. Sir, about the range of the gun there is no doubt about it, it was inferior.

Final point Sir -- I have so many things to say, but any way, I would say that if the Chairman of this Committee had come before this House and taken the stand that 'I had asked for time up to the 29th to table my report which the House had very kindly given me, quite true, and in the mean time three or four days earlier some further information has appeared in the press which is very vital for this whole affair involving the name of a well-known family of non-resident Indians who function from abroad with documents and facsimiles and everything...' The whole thing may be bogus, But you have to prove that it is bogus and if the Chairman had come and said that 'this has come now, it will take us a few days to investigate, but

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we think it should be investigated, and therefore, I want time' -- he did not have a train or plane to catch, there is no great hurry, Sir, he could have asked for a few days' more time, we would have been more satisfied to go into this business about the Hindujas and Pitco and all that business. Now, no reply is here, we do not know what the truth of the matter is. Who is to do it? Are you going to set up another Committee? I don't mind, let us set up another Committee. But the Committee should have done this, it would have lent credibility to its image instead of just hurrying up and saying, 'On the 29th we are going to bring our Report' although this whole business has been hanging over their heads. I am sorry he did not do that because that would have lent prestige and dignity to the Parliamentary Committee and its credibility would have improved. But now of course we cannot be expected to close this report after we discuss it and I do not think it will cut much ice with the public of this country either. Therefore, I am very sorry, Sir, that a sort of a half baked job has been done and he has been taken for a ride by this Company, the Bofors. That is the worst think of all.

THE MINISTER OF PLANNING AND MINISTER OF PROGRAMME IMPLEMENTATION (SHRI P. SHIV SHANKER): Mr. Speaker, Sir, while appreciating the anxiety of my friend who just spoke that the whole truth has not come out in regard to the payments that have been effected, I would like to congratulate the Joint Parliamentary Committee for their Report on the basis of the facts and the material that was available to them. Sir, actually what are we exactly looking for in this matter?

AN HON. MEMBER: That should be decided.

SHRI P. SHIV SHANKER: Precisely. So, I am starting from there.

We had more than half a dozen debates in this House. What has been brought out in these debates? Is it a game? Where did the trouble arise? The fact of the matter is

that as the Committee also finds, and I will quote that, there seems to be -- I would call it a convention of whatever it could be called -- there seems to be an established practice in the Defence about the agents being employed. This, the Committee itself brings it out on page 106 of its report, and I would only like to quote that part and proceed further:

"Lt. Gen. H. Kaul in his evidence informed the Committee that the practice of utilising the services of agents in procurement of Defence equipments had been in vogue earlier."

The former Secretary, Expenditure, also testifies to that. Finally, the Defence Secretary himself on p. 107 says, and I quote:

"The Defence Secretary informed the Committee that in November 1984 when the new Government under the present Prime Minister took over, it was decided that henceforth Defence contracts would be transacted and concluded totally without agents."

And he quoted:

"The deal would be totally and exclusively between the Government of India on the one side and the manufacturers on the other."

Therefore, the position seems to be that there used to be agents. Now, where did this Government come into difficulty and gave a reason for my friends sitting on the other side to have a tirade. In 1984, and thereafter, the Government decided that they should not deal with the gents and that the Defence Ministry should directly conclude the contract. (*Interruptions*) I leave it to you, to your judgement. I cannot correct you because you are so incorrigible.

Now the position is that because this attitude was taken, which attitude is quite evident, even by the report itself -- I would again go back to the report at page 166 where this report categorically brings out as to what exactly has happened after the Prime Minister took over.

"The Committee find that the question of appointment of Indian agents in relation to purchase of 155 mm. gun was raised in the meeting of the Negotiating Committee held on 31st July, 1984. The Committee were given details of the Indian agents appointed by the four firms. A view was expressed by the then Secretary (Expenditure) that while conducting negotiations, an exercise may be undertaken for reducing costs by reducing the percentage of commission being offered to Indian agents.

While the negotiations were on, the new Government decided that henceforth defence contracts would be finalised totally without agents and that negotiations will be held directly with the foreign suppliers. The Defence Secretary accordingly called the representatives of the four contenders on 3rd May, 1985 and told them in clear terms that the Government of India did not permit the involvement of Indian agents acting for foreign suppliers. They were, therefore, asked to make suitable reduction in their offers in case they had kept any commission for payment to the Indian agent."

Thereafter, there is involvement of the various officers and then, finally the Prime Minister himself talked to Mr. Olof Palme.

"The Committee note that the matter was discussed by the Prime Minister, Rajiv Gandhi, with Mr. Olof Palme, the Prime Minister of Sweden when they met in New York in November, 1985. Later in January, 1986, the Swedish Prime Minister informed Prime Minister of India that Bofors had declared their wish to conclude business directly with the Indian Defence Ministry without any middleman.. and so on and so forth."

Now the point what I am trying to make out is this. Because this Government took this attitude that there shall be no middleman and it transpires more than clear that SEK 319 million had been paid to three companies, my friends would like to question -- not that they are really interested as to whom this money has gone.

That is not very relevant for them. They had been harping practically for one year that some-how, to involve the Prime Minister directly or indirectly. It is because, their game will not be complete till then.

In Defence contracts, agents were being paid commission, the concepts of agents being recognised under the contract law is well known to all of us. The concept of agency is absolutely legal. The law itself recognises it. You cannot abolish it. And the agents are paid commission. There being paid commissions all these years is not in dispute. But since the Prime Minister took the stand that there shall no more be agents and we shall not deal with the agents, since directly the Defence Ministry has dealt with Bofors -- the consequence of it, how it developed, I will come at a later stage. There it has been found that certain amounts had been paid to certain companies which would have been usual in the ordinary course, they would like to covertly or remotely connect it indirectly to the Prime Minister.

17.00 hrs.

This has been their endeavour for the last one year where they failed. Otherwise, who is interested to whom the money has gone? I agree with Mr. Indrajit Gupta that it was not possible for anyone to delve deep and find out as to who is the exact person to whom the moneys have been paid. While three companies have come to light -- nothing to laugh, my friends. It is a matter of shame. Why should you laugh?

SHRI V. SOBHANADREESWARA RAO: It is a shame to receive the commission.

SHRI P. SHIV SHANKER: It is a shame for all of us.

SHRI V. SOBHANADREESWARA RAO: It is a shame to receive the commission.

SHRI P. SHIV SHANKER: You have received it here.

SHRI V. SOBHANADREESWARA RAO: That is why, the Prime Minister negotiated.

[Shri V. Sobhanadreeswara Rao]

with Mr. Olof Palme even before the issue was clinched in November, 1985.

SHRI P. SHIV SHANKER: I am going to give the details about it also.

MR. SPEAKER: Please keep quiet. He has not interrupted anybody. You had your say.

SHRI P. SHIV SHANKER: I appreciate the provocation on the part of my friend. Because his leader had been indicted in the court and he is shameless not even to ...

SHRI V. SOBHANADREESWARA RAO: What is this he speaks? Why unnecessarily he is talking of Shri N.T. Rama Rao? The Prime Minister negotiated even before the issue was clinched.

SHRI P. SHIV SHANKER: You provoked me. You must be prepared to receive it. Otherwise keep quiet. Listen to me. I am not provoking you personally. Truth or untruth, the court has decided. If you do not have faith in the court, forget about it. If you provoke me, you must be prepared to receive it. Otherwise, listen to me. I am not provoking you.

SHRI V. SOBHANADREESWARA RAO: I am not provoking you.

MR. SPEAKER: Let us do it in a dignified way.

SHRI P. SHIV SHANKER: I am not the one who leaves it like that. The point that I was trying to say is, what happened after the intervention of the Prime Minister and how far the country has been benefited, I am going into that question. I will not leave it like that. So, I will explain it to the best of my capacity. The point that I was trying to say is that every time we are discussing Bofors, more than half-a-dozen times, do you want to survive on suspicion? Where there is no suspicion, do you try to create a disinformation which you have been doing for the last one year? Where there is no case, you have been trying to create a case. You have been spreading canards. You have been

spreading all types of rumours. Somehow or the other, people who have faith in the leader, that faith should be shaken. That is your endeavour. Otherwise, you are not interested in anything. I am confident about it.

As I said, in the defence deals, as it appears, commissions have been paid. The view that was taken by the Prime Minister was and this is the misfortune that he has taken the view, that there should be no commission agents through whom it should be talked about and since he has taken that view, so he must pay the price. This is the case of the other side. This is the whole approach that they had been taking.

SHRI SAIFUDDIN CHOWDHARY: That is right.

SHRI P. SHIV SHANKER: I recall the very first debate in this House. A day before, one of the newspapers which had been raking up the issues, which had been espousing that the Opposition will demand for the Joint Parliamentary Committee and the very next day here when the debate started, there was the chorus. The chorus on the other side was that there should be a Joint Parliamentary Committee. They went the whole hog. They did not say at that time "Look. You are in a majority and you cannot be in the majority in the Joint Parliamentary Committee" which issue has now been raised.

SHRI SAIFUDDIN CHOWDHARY: No-body raised.

SHRI P. SHIV SHANKER: It was said and that was answered also by Defence Minister. At that time, the Government knew that this is all a bogus charge. They asserted it. But then, when some evidence came, they said: "Yes, we should go into it and a Joint Parliamentary Committee should be established". But, what is the attitude of my friends on the other side? They retracted. They thought that unless there was nothing, how could the Government go to the extent of saying that you can go ahead with the Joint Parliamentary Committee. They were not to find any-

thing. They knew it. Those very parties which insisted on the Joint Parliamentary Committee, they retracted because they knew that they would not find anything. That is exactly what I was trying to say. I Are we not politicising the whole issue? Are you really interested? That is why I started with that. You are not interested in the culprit. You are interested that the culprit should be directly or indirectly the Prime Minister.

SHRI ANIL BASU (Arambagh): That is right.

SHRI P. SHIV SHANKER: That is the shamelessness. That is their game. That is precisely what they wanted and they found that there was nothing. When they knew there was nothing, they thought that the best thing is to boycott and put all types of conditions only to have as a just face-saving device for the purpose of getting out of the situation. What ethical or moral right they have? If they have not joined the inquiry, the investigation, what moral or ethical right they have to challenge this report of the Committee?... (*Interruptions*) They do not join. They do not want to participate. But they are only there to find some flaws here and there to find some pegs to hang on. They wanted this Bofors issue must continue right upto 1989. Otherwise they have no foundation; they have no satisfaction either. Therefore, half-a-dozen times, they have discussed. I would have appreciated if the hon. Members would have gone into it and said: "The conclusions of the Joint Parliamentary Committee are wrong because it is without any evidence." I can appreciate if they do so. They have some very eminent lawyers. They are sitting on the other side of the House who will go on interjecting every time. But then the point is: "Have they done so?" They do not participate in the Joint Parliamentary Committee and they do not want to inquire, do not want to investigate. On the contrary, they appointed one Committee of their own.

SHRI SAIFUDDIN CHOWDHARY: Shri Indrajit Gupta made the point very clearly.

MR. SPEAKER: No interruptions.

SHRI P. SHIV SHANKER: They appointed their own Committee. The self-styled paragons of virtue on their side, visited Sweden. I do not know at the money of which agent they have gone there because at least I know some of them who will never spend the money on their own. But they have gone there. What is it that they found? What prevented them to give the evidence. I would like to bring to your kind notice as to what the Committee says. I would like to quote a para from page 189 of this report. The Committee says:

"No person in public life or from the media approached the Committee for furnishing information or tendering any evidence in respect of any of the matters under inquiry by the Committee. It is to be recalled that the Prime Minister stated in both the Houses of Parliament on more than one occasion that if any evidence was made available to establish allegations of payments or bribes, the severest action will be taken against the offenders. The Defence Minister had made similar statements. However, no one came forward to offer any information or tender evidence to the Committee."

They do not participate in the inquiry. They do not proceed to give the information to the Committee. They run about all over the world. Four or five leaders are there, including lawyers. One of their leaders, in the style of a losing small-town lawyer, who is often known to pose questions, ran about but could not get anything and did not produce any evidence before the Committee. I would like to ask them, with what moral and ethical authority they are questioning here about the Report. Have they brought out anything beyond that? If they have not been able to find out anything, if they do not participate in the inquiry, then who should be blamed for that? And in spite of that, when I say that in the circumstances and on the material that was available the Joint Parliamentary Committee has done the job, the best job, they grin at me. This is the state of affairs.

[Shri P. Shiv Shanker]

All this exercise on their part is nothing but to create a confusion; a total confusion and chaos, they would like to create in the society. That is why, of and on, they would like to rake up the issue of Bofors. I must point out at this stage and I would also end by that. I am reminded of a very good cartoon that came recently in the newspapers and some periodicals also. A procession has been shown in the cartoon. Some of them are shown in that cartoon. One gentleman says, "After Bofors, what?". The people behind say, "Bofors". He asks, "After Bofors what?" and they say, "Bofors". That seems to be the game throughout, and they would like to continue this game upto even 1989.

SHRI SOMNATH CHATTERJEE: He is a leading advocate. But what else can they do?

SHRI P. SHIV SHANKER: I have not seen you there. I am sorry for that. You should have been there.

The question that I would like to pose and then proceed is this. Where do you find fault with the Report itself? When I say this, I would like to take it up with the gentleman who has appended the dissenting note...

SHRI SOMNATH CHATTERJEE: The hon. Member.

SHRI P. SHIV SHANKER: Is he not a gentleman? I thought he was.

SHRI SOMNATH CHATTERJEE: You refer to him as an hon. Member. That is the proper way of addressing a Member.

SHRI SAIFUDDIN CHOWDHARY: Say 'hon. gentleman'.

SHRI P. SHIV SHANKER: I would not like to withdraw that word in spite of your objection. I will still call him a gentleman because my breeding is something different from yours.

The point is this. One of the hon. Members had been saying, 'It is a

postscript'. But what else could it be when the whole thing was over and then they had to add certain things? The whole thing seems to have been over and then this matter comes up. What else would they do? The point is this. This friend - I would not like to make a personal attack on him, but I would like to make a reference - did not join the bandwagon of the other Opposition parties at the time when he came into the Joint Parliamentary Committee because he was supposed to be our camp follower. After the death of his mentor, they found that their leader was not supported by us. Therefore, there is a change of flight. So, all of them there in a chorus would support it. Because, for them, the approach is, any body who goes from this side to that side is a paragon of virtue; and if any one comes from there and sits on this side, he is the worst man. That is why, they would like to support this dissenting note. I would like to say that this is not only totally prejudicial but even the findings are not based on facts. And even the findings are half-hearted. You kindly look at it. He starts by the quotation of Mahatma Gandhi where Mahatma Gandhi referred about the Ministers and what should be their conduct. Now, Sir, unless this man was approaching the whole problem right from the start in a highly prejudicial manner to attack somebody, he would never have started with this. I would like to ask, can anybody including the great lawyer sitting on the other side, can he show a shred of evidence which cast an aspersion on any of the Ministers and the Prime Minister himself. Even if it was, why should be start with Mahatma Gandhi's quotation? (*Interruptions*) I am making out a point. You are not prepared to say any point in what I say. (*Interruptions*).

SHRI SOMNATH CHATTERJEE: I have understood your point..(*Interruptions*)

You said: "why are you referring to a quotation where Ministers etc. are referred to?" You should not object to Mahatma Gandhi's name.

SHRI P. SHIV SHANKER: If you have understood then.. (*Interruptions*) I am

saying that the man started with a prejudice.

SHRI SHANTARAM NAIK: It is like devil quoting Bible. (*Interruptions*)

SHRI P. SHIV SHANKER: You have quite a lot of Ministers to whom this applies in your own State. Bother about it. The point that is relevant in this case is that there are two aspects of it. One is - I will come that, why are you worried about it? - about the gun system evaluation. One aspect of it is that - where the money part of it has gone, it could be taken care of at a later stage as to how it has gone on that - whether we have purchased sub-standard guns and secondly, what is the conduct with reference to the negotiations of the price? These are the two aspects where we must concentrate more. And on this gun system evaluation what is it that this hon. Member has to say... Nothing to laugh. But at least if you can hear, you can gain something. You would not like to know anything. On the gun system, this hon. Member puts it at page 219:

"No doubt this Committee took a good deal of time to investigate the capability of the Bofors gun system, we had the opportunity to see the operation of the gun in plains as well as hills. The Army personnel asserted the capability of the gun system with great satisfaction. But the pertinent point for consideration of the Committee was as to what the capability, mobility, fire range, fire burst of the Bofors gun was before the contract was concluded on March 24, 1986 and not what it was so many months after signing of the contract."

That means on the day when the army personnel had shown to these people and tested these guns, he did not have the doubt about the gun's capability. Now he would like to say, of course, on this General Aurora has said, Mr. Jaswant Singh has said and some of the hon. Members already referred to it, Field Marshal Manekshaw has already said. Now the point is, so far as the capability of the gun is concerned, there is no doubt about it. It is not a sub-standard gun. (*Interruptions*)

SHRI H.A. DORA (Srikakulam): General Shiv Shankar.

SHRI P. SHIV SHANKER: I have not been. I am sorry, I never expected that of all the persons, you will also mislead yourself. I have never been General. I have been an ordinary lawyer. Perhaps, you were a better lawyer than me. The point that I was trying to say is that this man did not have the doubt about the capability of the gun. One can understand if the gun is substandard; one could go to the extent of saying that 'look the deal is wrong somebody has made the money at the expense of the nation'. But there is no such thing which is available here.

Further it is said:

"Any evaluation on the basis of the trial of the Bofors gun 1987 was not appropriate to the task before the Committee. The Bofors could have later developed, or altered or modified the gun system. Such improvements could have been made in the case of other gun systems as well."

But then did you find that in 1986 when the contract was entered into it was not upto the mark? You don't say that. You have not given any facts about it. On the contrary on the day when there was a trial you are satisfied about it.

Then, on the question of middlemen and commission this Hon. Member makes a reference and I would like to bring to the notice of this House what he says at Page 230.

"There is no denial about the payment of huge amounts to the tune of Rs. 64 crores towards commission. Why was such a huge amount paid by M/s. Bofors as winding up Charges?"

Of course, the word 'commission' is his

[Shri P. Shiv Shanker]

own. So far as Bofors are concerned, they are harping on the winding up charges.

"Are the reasons stated by Bofors acceptable? who were the recipients? What services did they render? No answer were forthcoming. The failure to answer these question has cast grave suspicions not only against M/s. Bofors but also against the Ministry of Defence."

That means in the Ministry of Defence everybody is suspicious. Would you like to condemn the whole system? Have you laid the foundation for condemning the system? Did you refer to the facts as to how you are coming to the conclusions? Should this be the way that we should give treatment to a matter? Are you serious about it? This only shows how lightly this person has taken the whole report. Is this the way that we should make aspersions? Is suspicion a substitute for proof? What is it that we are looking at?

SHRI BIPIN PAL DAS: Somebody else had written that note.

SHRI P. SHIV SHANKER: I would not like to go into it whether somebody else had written or not.

Further he discusses about the CBI. After discussing what exactly the role of the CBI, he says:

"Though I agree with some of the portions of the CBI report, yet I disagree with the under-mentioned portion:

.....the information available at this stage does not show the involvement of any Indian associates residing in India or outside India or any Indian of Associates".'

Have you found anybody? You must then say it. If, on the basis of the evidence you add something, then you should say it. But he is saying that while agreeing with

the CBI report, he would like to disagree with one part.

If you don't agree with one part, you must go further.

Then he says:

"While it has been established that the recipients are registered in tax havens obviously for the purpose of tax avoidance and secrecy and that they have not done any service for this contract, and it has been admitted by the Secretary, Ministry of Defence, himself that he had not used any foreign service for reaching the contract, the claim of non-involvement of any Indian or Indian associates is not acceptable."

Does it follow? Finally he said:

"The Commission amounting the SEK 319 million must have been received by none other than those who are responsible for successful negotiation of this contract".

If this be so, who were negotiating the contract? The entire price negotiating committee.

Is it the way that you should give treatment to subject so light-heartedly without laying any foundation for the point. This is the way this gentleman has written and the turn-about he has taken in a short period has made him to write in this manner. Further, when we go into the finality what it is that this man says:

"The direct involvement of our Prime Minister, Shri Rajiv Gandhi has not been established - but the relevant records reveal his extra-ordinary interest in Bofors deal..."

Now the point I would like to mention here is what is the extra-ordinary interest that the Prime Minister has taken in this matter.

Sir, it is a known fact that when Heads of Governments meet they talk about the bilateral matters, some of the matters

where they would like that the Opposite side should accept they plead for it. In this case it so happened that what has come to light is what the Prime Minister talked of Olof Palme. It has not come to light as to what he talked to the French authorities as well and, I am sure, having regard to the fact that the matters are such the Defence Minister would be pleased to give the details. I know that the Prime Minister has also talked to the French officials.

The details as to the Kind of talks are: You should see that no middlemen are involved and that the price should be the lowest.

Now these were the two firms which were competing with each other. Prime Minister talks to both - the authorities concerned who are at the top politically connected with these firms. Now he speaks to both of them. I would like to bring to your kind notice that at the time when the Prime Minister talked the price position was that Rs. 1595 crores was the quotation of the Bofors on 10th January, 1986 and because of the intervention of the Prime Minister it has finally come down to Rs. 1427 crores. It comes to roughly about Rs. 150 crores. Apart from this I would like to further bring to the notice of this House that if you kindly look up this Report itself at page 88 where the Defence Secretary was giving the evidence and I quote:

"After the revised offer was received I had the benefit of a discussion with the Prime Minister who kindly advised me that we should try to get further reduction from Bofors. This I did. I, however, found that having made several concessions and having received even Letter of Intent from us they were most averse to make any further concessions. Nonetheless with very great difficulty it has been possible to obtain from Bofors a further concession in as much as they would now give 10 guns free over and above guns paid for..."

This amounts to a concession of ap-

proximately 36 crores. You can work it out. Rs. 1427 crores are meant for 400 guns.

If it is ten guns, it is sufficiently a good advantage to this country. Therefore, the Prime Minister's intervention has two effects: One is from Rs.1,595 crores, the price has come down to Rs.1,427 crores, and the other is we get ten guns over and above the guns that were transacted for. You say that the Prime Minister's intervention is wrong. Is it not in the interest of the country? Is it not beneficial to the country? What is the basis on which you are talking about?

Now, on the question of evaluation, if you kindly look up - I would not like to go into the details - this has been dealt with by the JPC at great length. The opinions have been brought out in the report from pages 56 to 67. The details are there.

In the Mayadas Committee, there were 15 persons. Only 6 persons have signed and even amongst the 6 persons, there have been differences of opinion. I would not like to go into those things. But that Committee put the Austrian gun at the top, which gun is neither here nor there. Now, therefore, to rely on the report of Mayadas seems without any basis.

Then, later on, what has happened? I am prepared to go further into it and to show what exactly has happened. Later on, the present DCWE in his evidence before the Committee pointed out that the gun that was tried in India, was the GC-45 and not GHN-45 to which a powerful APU had been added and several other improvements claimed. There are details of reasons why the gun was found unsuitable. I would not like to go into them.

It is also mentioned on page 59:

"The Committee also examined the then Deputy Chief of the Army Staff (Gen. H. Kaul) on the subject. Asked whether he was aware of the Report of the Mayadas Committee, the then DCOAS explained that normally, according to the set procedure, a technical negotiating committee was set up by the Ministry of De-

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fence to decide about the technical aspects of the negotiations, which were carried out by the Negotiating Committee. Asked about his reactions with regard to the recommendations contained in the said report, the then DCOAS replied that when he first saw the report of Lt. Gen. Mayadas Committee, it was quite obvious to him that they had appointed. Their job was technical negotiation and not evaluation, because by sitting in an office and listening to various firms, no evaluation can be carried out. Evaluation is based on field trials carried out by Trials Units in the different climates and regions of India. Then those things were discussed very freely. In his opinion, this was not the task for which the Committee under the then DWE was formed. After having gone through Lt. Gen. Mayadas Report and having examined it in detail, he put up a note to the then Chief of the Army Staff which is reproduced hereunder..."

I would not go into it. But he put up a note. This note was signed by him on 14th July, 1984 and put up to the Chief, Gen. A.S. Vaidya. He wrote:

"I agree with the note. No credence be given to manufacturers' claims. My recommendations be based on actual performance of the guns and ammunition."

Therefore, the then Deputy Chief of the Army Staff, Gen. Vaidya, the present Chief on the Army Staff and - I find in the report itself - even Gen. Krishna Rao have found that that is not the correct gun. Now, would you like to discredit all of them merely because Mayadas has put a certain gun, which is the Austrian gun, over and above the Swedish gun?

I would not like to go into the details further. But it is at a later stage when the recently retired Army Chief has given the reasons as to why he thought fit to put Bofors gun above the French gun. This is precisely what was objected to

by one of the friends. Therefore, I would like to read that portion.

I quote from page - 67 in which he has said:

"My anticipation at that time was that by the time this kind of technology becomes more prevalent in the USA and they are prepared to transfer this kind of radar to their allies, it would be almost a decade and a half later..... Therefore, the weightage of this advantage which the Bofors gun had over the French gun was not high enough at that point of time. These were the two reasons why I had placed the French gun slightly ahead of the Bofors gun at that point of time even though I had stated that all three guns-the French, the Swedish and the British gun-were acceptable to us. Then subsequently in February, 1986, when I took over as Chief of Army Staff, two major events had occurred. First of all, the USA had successfully developed the fire-finder radar, the ANTPS-37 and had also included this radar in the package which they were giving to..... as part of the aid."

"Now this made a considerable sea-change in our vulnerabilities which we would face in the decades to come. Now, what I had hoped was a threat which would materialise in 1997 or so unfortunately materialised much more rapidly than we anticipated or suspected. This ability of the fire-finder radar, the only such radar which exists even today, is that when the very first round is fired it is capable of tracking the shell in flight early enough and after taking a few successive reading in space, computerised calculations go on and give a very highly accurate location of the gun which fired in a matter of

about 45 to 40 seconds from the time it was actually fired."

"Hence shoot and scoot assumed greater importance in 1986 and it could not be wished away that it may not take place even in 2000 AD."

He added:

"...in the light of some of these changed circumstances, I re-evaluated the inter-se placement and decided that the Bofors gun in these conditions had an edge over the French gun though fundamentally both guns were acceptable for the Army. This was the sequence and I would like to repeat under oath, what I told the hon. Members when I briefed them in the Army Headquarters some months back."

Therefore, it is the Army's preference and it has been borne out, as I said by many of the Members of the Opposition also that it is the best gun. Therefore, on the question of evaluation, I would like to submit that there is no basis to say that the gun is in any form sub-standard or inferior so as to accuse that the gun being sub-standard, there is something fishy about it.

Then, about the question Price Negotiating Committee. I would like to bring to your notices page 42-43. In the constitution of the Committee, I find that there are seven officers who negotiated the whole deal. Is it your case and you will have to go that far to say, that if some person has received the money, then these people must be privy to that? Are you prepared to say that? Would you like to condemn the whole system itself? These are the responsible persons, highly placed, who have conducted the negotiations throughout and they have brought it down from Rs. 1700 to Rs. 1427 crores. I will read out the names the Defence Secretary is the Chairman, the Members are the Secretary, Defence Production, Secretary (R&D), Secretary (Expenditure), Additional Secretary (Economic Affairs), Financial Advisor, Defence Services, Deputy Chief of the Army Staff. Therefore, the position is if the eval-

uation is correct, if the gun is not the sub-standard, one if the gun is the best, if the Price Negotiation Committee has carried out its duties properly and economically, then how do you expect the Commission to come in? Nonetheless, the fact remains that 319 million kroner has been paid - I am not saying that - Very rightly they have said and I agree with them that these companies seem to be hollow companies. Is it not a case? Are we not aware that in many a companies in this country also, the Directors themselves keep back the money? This is a fact. There are all hollow companies; the money is transferred through them, if they want to divert some of the money for themselves or for whomsoever it may be. Would you merely on the basis of some rumours to have a political advantage having regard to the system which we are running like to go to the extent of accusing the Prime Minister? One of the hon. Member had a cheek; I would like to say that it was very unfair on his part that he went to the extent of naming the Prime Minister's brother-in-law and saying that he had his connections with Hinduja. What is it that you are talking about? Are you not irresponsible? Is there any responsibility on your part? You can just say like that merely because you have the privilege to talk anything? Does this mean that public representatives can misbehave? I would pose that question. If there are facts, of course, you are entitled to, but then whenever there are no facts, what is it that you are talking about? I agree that these three companies seem to be totally hollow companies. If they had paid money, I am sure, it must have been ploughed back to the directors, which happens in this country day in and day out. This is what the directors have been doing. You have been a director and you know much better. I have never been a director myself...(Interruptions)

SHRI SOMNATH CHATTERJEE: Let him make me a director of some company, so that I can make something out of it under his training and guidance.

SHRI P. SHIV SHANKER: Now, I would like to bring to your kind notice what the then Expenditure Secretary had to

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say. It is on page 82-83 of the Report. This is something which I would like to read. It is on page 82-83 and then I would go to page 84. It is mentioned in the report:

"During evidence, Shri Ganapati, the then Secretary, Expenditure was asked by the Committee about his views on the procedure followed by the Negotiating Committee in the matter of selection of the Bofors gun. The witness stated:-

'There has been no flaw in the procedures or in the detailed negotiations. In fact, every possible precaution was taken to ensure objectivity, impartiality in deciding the case and in securing the best possible terms not only financially but even more important securing the best possible weapon system that the user wanted...As a matter of fact, the procedures followed were quite rigorous.'"

Then, further:

"The Committee enquired whether the various decisions taken in the Negotiating Committee with regard to the commercial and financial aspects were reported to the concerned Minister. The then Secretary, Expenditure stated:"

The concerned Minister at that time has, of course, joined their ranks. Now he sits by your side outside, not here. *(Interruptions)*

As I was saying:

"The then Secretary, Expenditure stated:

...We have held several meetings and crucial recommendations were made by the Committee. One was short-listing of firms and another was recommendations made during October-November, 1985 and March, 1986. These were put up to the Minister. In fact, in the Finance Ministry apart from myself, the decisions were seen by the Finance Sec-

retary, because he is concerned with the credit aspect also, apart from the fact that he is the senior Secretary in the Ministry and also by the Finance Minister and the Defence Minister...so far as these contracts are concerned where the powers of the Secretary were very restricted, approval of the Minister in the administrative Ministry and the Finance Minister were taken."

Then he says:

"asked whether the final recommendation of the Negotiation Committee selecting the Bofors gun, keeping in view the technical contractual and financial aspects was specifically brought to the notice of the then Finance Minister", the witness stated: "What happened was after the Negotiation Committee had finished its deliberation a note was put by the Defence Ministry, as the administrative Ministry..."

SHRI SAIFUDDIN CHOWDHARY: It should be laid on the Table of the House.

SHRI P. SHIV SHANKER: Will you kindly allow me to speak? I never interrupted you and I do not expect you to have a running commentary.

SHRI SOMNATH CHATTERJEE: Sir, he was looking at you and abusing us and now he is looking at me and abusing others.

SHRI P. SHIV SHANKER: That only shows how close mind he has.

SHRI SOMNATH CHATTERJEE: Today he is in the mood of abusing everybody.

SHRI P. SHIV SHANKER: If I will abuse you, which you richly deserves, I will abuse you outside not here. *(Interruptions)*

Sir, if they give me 5 or 6 minutes, I will complete my speech. *(Interruptions)*

SHRI SOMNATH CHATTERJEE: Sir, will you allow Mr. Bhagat to intervene because

he threatened in the morning that he would also speak. (*Interruptions*)

MR. SPEAKER: One thing is sure that I will interrupt for a minute.

(*Interruptions*)

MR. SPEAKER: Please listen to me also. You have decided, the Business Advisory Committee has decided and I stand by that decision, that whatever may happen, you will provide dinner for all of us. You have to sit and finish this subject today.

SHRI H.K.L. BHAGAT: Sir, in Room No. 70 for the Members and in Room No. 73 for the staff, dinner will be arranged.

SHRI SOMNATH CHATTERJEE: Shiv Shankerji out of his personal fund will spend today because he has taken hour and a half.

SHRI P. SHIV SHANKER: I can understand because he is not practicing these days.

Asked whether the final recommendation of the Negotiating Committee selecting the Bofors gun, keeping in view the technical, contractual and financial aspects was specifically brought to the notice of the then Finance Minister, the witness stated - I quote what he said:

"What happened was after the Negotiating Committee had finished its deliberations, a note was put up by the Defence Ministry as the administrative Ministry on which the approval of the Finance Secretary, and the Finance Minister and the State Ministers in the Ministry of Defence and the Prime Minister, as Defence Minister was taken."

17.48 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*]

The Committee pointed out that the final recommendation of the Negotiating Committee was approved by the then Finance Minister on 13th March, 1986. Asked whether the witness could recollect

if any reservation had been expressed by the then Finance Minister (Shri V.P. Singh) the then Secretary, Expenditure replied:

"Absolutely No. I can say this categorically because... the moment I saw the file, I immediately sent it to the Finance Secretary saying that the matter was very urgent. It went to the Finance Minister. If he had the slightest doubt, he would have asked the Finance Secretary or me. I was the senior officer in the Finance Department. I was the proper person to have been asked this question. Till the moment of my retirement, no question was raised."

Now, the gentleman goes on talking about anything and everything. It is he who had gone into these details and has affixed the signatures in approval thereof.

Another aspect here I would like to mention is that a reference was also made to the statement of the Attorney General. The Attorney General clearly comes to the conclusion, that it is not a case of breach of contract. I would not like to go into it because again I have to read a portion but the fact of the matter is that he comes to the conclusion that there is no case of a breach of the contract. In the circumstances, what exactly you are going to suffer? You will be surprised to know this position which will come out of it. It would be Rs. 468 crores. The sub-optimal utilisation of equipment of the value of Rs. 468 crores already paid. So, that Rs. 468 crores goes.

Then, we have already paid to the Swedish Bank an amount of Rs. 50 crores on account of banking charges.

Further, the cancellation of the Contract would involve immediate payment of credit amount of approximately Rs. 374 crores in foreign currency. Besides, one does not know and it is not possible - I am sure about it - that if you go for the new Gun, firstly whether the parties would come out with offer is a big question mark. Secondly, what will be the price? Would you be able to get at Rs. 1427 crores? Then comes delay. When are you going to get

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it? What is going to happen to the system itself? What will be the morale of the Defence forces? These are all the aspects which we have to take into consideration. You cannot just say that "all right, why did you not cancel?" It is very easy to talk about these things. But it is very difficult, when you go into these questions, roughly about Rs. 800 crores to Rs. 900 crores, you will be losing. Then you are not going to get anything out of it. This does not mean that I am supporting, Rs. 64 crores which had been paid. Of course, if there is any ray of evidence, we would certainly take action, whosoever the person may be. But is there any evidence?

I would like to bring to your kind notice one other aspect of it, namely some of the friends have raised the question about the documents that have been published in *The Hindu*. If you look up for a moment all these documents, they start from 1979 to 1984, the 1984 document which is the latest, only refers to the Telex Message which was contained in another document, that is of 22nd June, 1981. Therefore, these are documents which refer to 1979 to 1981-82. How are you connecting them?

I would not like to go into the niceties of it and neither the technicalities of it. Let us take it that these documents establish that Hindujas had something to do with Bofors. I would not like to go into it for the sake of argument. How are you connecting Hindujas and these documents - with the dealing question? That is more important. Would you accept that the moneys would have been paid in 1980-81 as they have been paid in this case? The document shows that. I am not questioning the authenticity of the documents for the moment, either I am going into the technicalities, etc. of it. The document says that some money had been paid in 1980-81. The Telex Messages had been given. Instructions had been given. This is all right. But the point is, how are you connecting Hindujas of these documents, with this deal, which had come over in 1986?

SHRI SOMNATH CHATTERJEE: Will you yield for a second?

SHRI P. SHIV SHANKER: Yes. All right. Then I will take a little time to explain.

SHRI SOMNATH CHATTERJEE: You exhaust yourself and your Government! The only point is: It shows the connection between Hindujas and PITCO because the Committee has not been able to find out the relationship between PITCO or any of those three companies with Indians or NRIs. It shows clearly the connection between PITCO one of those front companies and Hindujas. There was a transaction to the bank. Therefore approach to the bank would have confirmed all those and Hindujas' connection with PITCO would have been established. Therefore they cannot say that no Indian is there.

SHRI P. SHIV SHANKER: I never disputed that part of it. I said, I am not going to question the authenticity etc., etc. That man has denied it. I am not going into all those things and neither into the technicalities of it. But at best what is it that these documents establish?

These documents establish the connection of Bofors with PITCO. That is fair enough. Are you prepared to go further? We are now concerned with a particular deal. How are you charging JPC that they should have gone into it? Why should they go into it unless there is something to show that these documents have a direct connection with the dealing question. It is possible that Bofors who had been selling their guns and their commodities to various persons all over the world - supposing Hindujas are the agents for those persons, do you want that we should go into all those things? Can it be so. This is exactly what perhaps you would like to do. The question is that if you make out a case, one can appreciate it. Be a little reasonable; have some rationality with you. Suppose you make out a case that there is a nexus of these documents with the deal in question and the Bofors, certainly we are prepared to go in for it even now, inspite of the fact that JPC has given the report.

One another aspect which I would like to bring to your kind notice is this. I would like to tell you that the events that have developed from the end of 1986 and in the beginning of 1987 - be it the letters from the President which were clandestinely leaked out to the Press, or the HDW matter which was openly deliberately leaked out as the Defence Minister has already said, to the Press and the matter of Bofors that has come out, and with the clamouring of the Opposition parties that the Government should resign - do you think that there is no design in all these things? It runs as a thread. What else is it except destabilization? And there was a continuous conspiracy, and they wanted to make capital out of it, where they had no evidence whatsoever.

I would not like to take more time. I have perhaps explained the matter in detail. I would only like to advise my friends, and submit that so many discussions have taken place about Bofors. The drama is over, but the players are not willing to make a graceful exit. In my submission, my friends have fallen in love with their performance...

SHRI SOMNATH CHATTERJEE: We have all been washed out by his 1 1/2-hour performance.

SHRI P. SHIV SHANKER: They do not seem to mind that the theme has exhausted itself. The audience is restive, they have nothing to sustain the interest; but still you would go on. As I said earlier, I again recall the cartoon: "And they would go on saying Bofors, Bofors..."

17.59 hrs.

STATEMENT RE. DEATH OF SHRI K. VASUDEVA PANICKER, MEMBER OF PARLIAMENT (RAJYA SABHA) ON MAY 3, 1988

[English]

THE MINISTER OF STATE IN THE MINISTRY OF HEALTH AND FAMILY WELFARE (KUMARI SAROJ KHAPARDE): The House

is aware of the sad and untimely death of our colleague Shri K. V. Panicker on 3/5/1988. Shri K. V. Panicker was examined last week at the LNJP Hospital of Delhi Administration. The patient Shri K. V. Panicker was diagnosed as a case tuberculosis of lymphnode. Dr. R. B. Singh, who is a private practitioner holding the degree of BIMS and also a personal physician of the deceased administered streptomycin injection.

At 10.00 P.M. on 2/5/1988, Shri K. V. Panicker was brought to the Casualty Department of LNJP Hospital by Dr. R. B. Singh. Shri K. V. Panicker was in an unconscious state. On examination, it was found that Shri Panicker had no spontaneous respiration, and peripheral pulses were absent, heart sounds were absent and both his pupils were semi-dilated and fixed. He was immediately rushed to resuscitation ward. With provisional diagnosis of cardio-pulmonary arrest, resuscitative measures were carried out by Dr. D. D. Kulpati, Prof. M. Khalilullah and other doctors. Despite all possible efforts including intra-cardiac pacing, the patient could not be revived and was declared dead at 0.40 hours on 3/5/1988.

18.00 hrs.

Police have registered a case - FIR No. 205/88 dated 3/5/1988 under Section 304/A IPC. The Police authorities have arrested Dr. R. B. Singh who administered the medicine on 3rd May, 1988 (AN). and subsequently he was released on bail. According to the Police authorities, the doctors had purchased 10 vials of medicine out of which 5 vials were manufactured by M/s. IDPL and 5 vials manufactured by M/s. Sarabhai Chemical from Navjeevan Medicos, Hauz Kazi. One empty vial (IDPL manufactured) which was administered and the remaining vials were recovered from the doctor. The Police authorities are investigating the matter further.

SHRI ASUTOSH LAW (Dum Dum): This is a very serious matter. (Interruptions)