

MR. DEPUTY SPEAKER: On the statement straightway, we cannot discuss anything. If you want to have a discussion on this, you give a separate notice.

*(Interruptions)*

DR. DATTA SAMANT: The testing should have been done; the testing was not done. It is a common knowledge. *(Interruptions)*

MR. DEPUTY-SPEAKER: Order, order, please. On the statement straightway, we cannot discuss anything. You have to give a separate notice if you want to have a discussion on this subject.

*(Interruptions)*

SHRI SHANTARAM NAIK (Panaji): At the time of giving it, it should have been tested. *(Interruptions)*

MR. DEPUTY-SPEAKER: No discussion on the statement.

KUMARI MAMATA BANERJEE (Jadavpur): We want a discussion on this.

MR. DEPUTY-SPEAKER: You have to give a separate notice for this. Order, order, please.

*(Interruptions)*

MR. DEPUTY-SPEAKER: Whatever it is, we cannot discuss it on the statement straightway. Shri goswami

SHRI DINESH GOSWAMI (Guwahati): Are we continuing our discussion? There is a meeting of the IPG at 7 p.m. I think this is a very important subject. So, don't ask us to speak now.

MR. DEPUTY-SPEAKER: We have to continue this discussion.

SHRI DINESH GOSWAMI: Since there is a meeting of the IPG at 7 p.m., let us adjourn the House.

SHRI BASUDEB ACHARIA (Bankura): We should adjourn the House.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT): It was decided by the Chair this morning that the debate will be concluded today and the reply will be tomorrow.

THE MINISTER OF PARLIAMENTARY AFFAIRS AND THE MINISTER OF INFORMATION AND BROADCASTING (SHRI H. K. L. BHAGAT): It was decided in the Business Advisory Committee that the debate will be concluded today and the Minister will reply tomorrow.

SHRI DINESH GOSWAMI: We have a meeting of the IPG. So, we would like to discuss it tomorrow.

SHRI BASUDEB ACHARIA: We have to attend that meeting.

SHRI H. K. L. BHAGAT: It was discussed in the Business Advisory Committee. The same thing was said by the Speaker in the morning. So, let us continue the discussion.

SHRI BASUDEB ACHARIA: We should adjourn the House at 6.30 p.m. - after half an hour.

MR. DEPUTY-SPEAKER: Shri Dinesh Goswami.

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18.05 hrs.

DISCUSSION UNDER RULE 193--*Contd.*

[English]

**Report of the Joint Committee to enquire into Bofors Contract--Contd.**

SHRI DINESH GOSWAMI (Guwahati): Mr. Deputy-Speaker, the distinguished speaker who preceded me spoke about drama. It appears that the Centre is not in the grip of a fever Ramayana. And to-day we see a curious spectacle, that those people who are suspected of FERA violations, economic offenders, they have all under-

gone change of hearts, they are all cooperating with the Government fully and wholly, Ajitabh Bachchan is cooperating with the Government, Bofors are cooperating with the Government, Win Chadha is cooperating with the Government and the *Ravanas* and *Vibhishanas* on this Opposition side are the only ones who are trying to destabilise this country. This talk of destabilisation is not new. When the Swedish Radio, for the first time announced that huge amounts have passed hands, the very same allegations were made if I may quote from the Report itself from page 5 of the Report—

"Commenting upon the allegations contained in the news-item, the Government of India issued the following statement on 17 April, 1987:

'Government categorically deny the allegations contained in the News stories based on the reports broadcast by the Swedish radio and television in connection with an arms order placed on the Swedish firm Bofors. The news item is false, baseless and mischievous. During the negotiations the Government had made it clear that the company should not pay any money to any person in connection with the contract. Government's policy is not to permit any clandestine or irregular payments in contracts. Any breach of this policy by any one will be most severely dealt with.

The report is one more link in the chain of denigration and destabilisation of our political system".

But the fact remains that subsequently the National Audit Bureau did find that huge amounts of Rs. 65 crores passed hand from Bofors to some other persons, whose identity, even now we do not know.

Mr. Shiv Shanker, all the time was saying, that the Opposition has not been able to prove the case. Are we the prosecutors in this case? Wherefrom does he get the idea that we are the prosecutors?

Now, for the first time in the Indian Parliament, an investigating committee was formed and the duty of the Committee was to investigate into all the aspects. The fact remains, that the only person or the only company who could have thrown light as to whom the amounts have been paid, why the amounts have been paid, was Bofors. But Bofors did not cooperate with this Bofors Shankaranand Committee. Unfortunately, Mr. Bofors Shankaranand has not a word of condemnation against Bofors, that the Company at no point of time did cooperate with this Committee. May I point out that the Government of India spoke in very high sounding words about eliciting information from Bofors. I may point out from the report itself at page 118 of the report, that this Government's position was that nothing less than complete information regarding the nationals and the circumstances of the payments made by Bofors shall satisfy the Government of India.

Mr. Pant, may I ask you, has Bofors given you complete information regarding the persons to whom payments have been made and the circumstances of the payments? Are you satisfied? The thunder with which at one point of time you roared like a lion was lost and ultimately succumbed like a lamb before Bofors, and because of that we have reasons to feel suspicious that there is something underhand in the whole thing. I think our suspicious are genuine.

I ask Mr. Pant also, that the Defence Department or the Defence Ministry passed five important questions to the administrators of the Bofors, and the questions find place in the report itself. And I would like to refer to some of these questions. The questions were for the precise amount which has been paid and the amounts which are due to be paid by Bofors, the recipients of such amounts and the services rendered by such persons, copies of all contracts, agreements and correspondence between Bofors and such recipients, and all other documents.

And then when the reply of Bofors came, again it was pointed out on page 115 of the Report.

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"We regret to observe, as was also pointed out by Mr. Vohra during his brief discussions with Mr. Bredin on July 3, 1987 that your communication under reference does not answer any of the questions raised in para 5 of my afore-said letter of June 16, 1987."

Bofors right from the very beginning has decided not to cooperate not only with the Government but with the Committee. All the time, they have refused to give information, and some of the informations are very tardy. For example, I quote one of the questions that was asked in at Page No. 118.

"On 24th August, 1987, another letter was sent to M/s. Bofors asking for some clarifications, namely

"Your previous agent in India who "among others" received part of "considerable amounts" was not an indian citizen or an Indian company. If so, why on what basis, and for what consideration were such payments made in relation to the Indian Contract?"

This is the vital question which remains unanswered. If the persons to whom this Rs. 65 crores of rupees has been paid, they were not commission agents as far as the Indian deal is concerned, then where was the question of termination of the contract? It is not that the other Governments have asked that there would be no middlemen. Only the Prime Minister of this country asked Bofors that there cannot be any middlemen, and the Prime Minister of this country did not say that you Bofors cannot engage any middlemen for any contract whatsoever under the sun. The contract must have a relation with the Indian contract. If it is the case that the payment was not paid to three concerns so far as the Indian contract is concerned, where was the question of cancellation of these contracts and also the winding up charges also. Reference has been made to the opinion of the Attorney-General. Mr. Shiv Shanker has said that the Attorney-General has

opined that there is no violation of the contract. I differ with him in all respects. I quote what the Attorney-General has said at Page 180.

"The committee pointed out that Bofors had taken the stand that they had paid no commissions, that they had terminated the consultancy agreements in pursuance of the wishes of the Government of India and had therefore paid only winding up costs. Reacting to this, the Attorney-General said that in the absence of the contracts which M/s. Bofors had entered into with the three companies to whom the winding up costs had reportedly been paid, it would be difficult to say whether the amounts paid constituted "commissions" and were thus against the terms of the contract".

Therefore, no final opinion was given by the Attorney-General. The opinion of the Attorney-General was, whether it was a commission of winding up charge depend on the contract agreement that Bofors had entered with the three companies. Unless the three documents are before us, it is not possible to hold whether Bofors have violated the contract or not. Now Bofors took in umbrage under the ground of confidentiality. I would like to ask Mr. Pant, if there was an agreement though unwritten, and even now a question still remain unanswered, as to why this vital aspect that there must not be any middlemen in this deal was not in the contract or agreement? Though it was not written, there was a contract that there will be no middlemen. If a particular document is going to establish whether that contractual obligation has been correctly discharged or not by Bofors and if only a particular document can establish whether Bofors have violated that particular provision or that agreement, can Bofors take umbrage on the ground of that it is a confidential document.

I will ask Mr. Jagan Nath Kaushal, who was a member of this Committee. A party, who is bound by a contract and an agreement, if whether he has fulfilled the contract or an agreement depend upon a par-

ticular document, and if the party says, 'I am not going to place the document' and if that document is not placed under the law, some sort of a conceptual prejudice be treated against him. (*Interruptions*)

SHRI JAGAN NATH KAUSHAL  
(Chandigarh): Give me an opportunity after he stops.

SHRI DINESH GOSWAMI: To me, the question is not whether the Prime Minister has got the money or not. I have never accused in my speeches that the Prime Minister has taken the money. I have no proof. But the simple question is, there was a clear mandate given by the Government of India that there will be no middlemen. No. 2, no commission will be paid. If commissions were paid by the Bofors to a middleman there was a violation of the contract. And the first task before the Committee was to find out whether this agreement with the Government of India had been violated by Bofors or not. These three documents are the documents of contract to which Attorney-General has referred, between the Bofors and the companies which have been described by Mr. Shiv Shanker as hollow companies. Look to the impertinence of the Bofors. While replying to various questions look up page 122 -- the way the whole Committee was treated with contempt, I may respectfully submit, by Bofors. Now in a reply to a question whether the Bofors would reimburse the amount 319 million SEKs to the Government of India, the Chief Jurists said:

"I would not like to go into the debate concerning the violation of the contract. Our stand is very very firm and I think to have such debate in this forum is not correct."

I do not think, ever before a foreign company should have dared to give such a reply before a Committee. And Mr. Shiv Shanker says that this Committee has done a great job. This Committee has humiliated this Parliament and the country before Bofors, the way this Committee was treated.

At page 123, on his attention being

drawn to a statement of the Chairman of the Nobel Industries (Mr. Thunholm) that so far as he was aware, payments had been made to Indians or to an Indian company in connection with the contract, -- this statement has not been made by the destabilisation forces of the opposition; unfortunately, this is a statement made by Mr. Thunholm; may be, he is also a part of the de-stabilisation forces for the Government -- to this the Chief Jurist stated:

"Sir, now I am in a little awkward situation because Dr. Thunholm is the Chairman of my Board and the Company Secretary. I think he has been wrongly quoted by the Swedish journalists, when he talked to them."

Well, if he wrongly quoted, Mr. Thunholm should have appeared before the Committee and he should have placed the correct version before the Committee. Here is the version given by that gentleman and somebody else comes and says that he might have been wrongly quoted. Was it not the duty of the Bofors JPC to summon Mr. Thunholm and get from him what was his correct version?

Then look at page 124. Asked further if they were aware of a company named SVENSKA which was stated to be a letter box company and to which payments were reported to have been made, the gentleman who came and appeared stated:

"We will not comment on that."

And Mr. Shankaranand and the distinguished Members of the Committee accept that, well, if you do not comment on that, we do not ask any further question. Is it the way an investigating committee functions a parliamentary committee functions? And to that parliamentary committee, now we shall have to give a certificate that this Parliamentary Committee has done a great and yeoman service to this country.

Look at page 126. The Committee asked the witnesses that if India as a buyer asked the seller whether some payments had been made to a third party by the seller without the knowledge of the buyer,

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the question of commercial confidentiality could not come in the way. That was the vital question. And the Chief Jurist stated:

"I do not want to go into a sort of legal debate about this because that is an interpretation how you look at matters."

After all, who is the final arbiter of this interpretation? When a party appears before a parliamentary committee, the parliamentary committee should have been the final arbiter of this interpretation. Has the Parliamentary Committee come to the conclusion that the interpretation given by this committee on the basis of which the question was asked was wrong and the interpretation given by the chief Jurist was correct? Well, Mr. Shankaranand and his Committee members accept it and does not pursue this question further. And still we will have to give a certificate to this Committee that this Committee has done a great job for the country.

Let us continue further. The Committee enquired how the winding up charges could be paid as a percentage of the contract value. Well, this is a very vital question. After all, these are winding up charges. If there is a commission I can understand that commission shall have some reference, some relevance or some relation with the total amount of contract. But you don't give winding up charges on the basis of a percentage. Clarifying the position in this regard, the Chief Jurist stated: "I should start with the Audit Bureau's Report. I think they called the Chief Executive of Nobel Industries in this regard. I will give you a little background to that. We were asked one day to meet the Managing Director of the Auditors Committee and give him some information from the background, etc. We gave him the information about the company, the marketing, etc. and the winding up cost. I must say regretfully ..." the Chief Executive, in order to simplify the case, says: "around two to three per cent of the order". Will you so casually treat two to three per cent of a order, running into crores of rupees? Regretfully the Chief Executive says: "two to

three per cent". Am I to understand that Bofors is such an innocent company? If I would have been so lucky as Mr. Shiv Shanker, that I could have spoken for one hour, I would have torn this Report into pieces. But knowing my limitation or time, I will still refer to some of the points raised.

On page 146 they say: "The Committee pointed out that "in respect of two of the companies, the Directors named by Bofors could not be traced and it appeared that they were merely letter box companies." To this, Mr. Morberg replied: "Winding up charges have been paid to these three companies. We will not given any further information concerning these companies, more than what we have already given." Such impertinence was tolerated. Let us continue further: "The Committee enquired whether the witness could produce copies of agreements with the three companies in support of their stand..." Mr. Morberg says: "That is not possible for us to hand over the agreements because of commercial secrecy." Mr. Gothlin stated: "I can very well understand the argument which is put forward here. The company has nevertheless...", this is very important, "The company has nevertheless, whether it is good or bad judgement, we could from the confidential point of view, not produce the contracts in question." Mr. Morberg has the audacity to say that "whether a judgement is good or bad, he treats it with contempt and are not going to produce this document." And still we shall have to compliment and give certificate to Bofors and to this Committee. This Committee, in my respectful submission, has failed totally in the investigative duty which was assigned to it. And what is the conclusion? The Committee could not come to any conclusion whatsoever.

Again, there is Win Chadha's very interesting deposition: "On his attention being further drawn to the fact that the agreements provided for payment of remuneration as well as commission, Shri Chadha stated:

'The words 'commission' and 'remuneration' both are in Swedish

language." If it is same in Swedish language, when Mr. Morberg deposes and says that it is remuneration, it may mean commission. If for Mr. Chadha the word 'commission' can be interpreted as 'remuneration' then the winding up remuneration can be interpreted as commission, if there is only one word - and Mr. Chadha seems to be the final authority on the Swedish language.

Now let us find the Committee's helplessness on page 175. What is the conclusion? "With the refusal on the part of Bofors to make these disclosures, in spite of very close questioning by the Committee, no headway could be achieved on this issue. However, it is to be noted that such disclosures, according to Bofors, might involve them in a breach of contract conditions with the parties who were acting as their consultants. According to the legal advice tendered to the Committee by the Attorney-General, Bofors can claim commercial secretary... As such, the Committee in the absence of any further reliable information or proof are of the view that while full details of the reasons for payments and the names of recipients are not known, no direct evidence of documentary proof is available to sustain the allegation that the payments made by Bofors are of the nature of bribes or commissions paid to middlemen." Therefore, how do they come to the conclusion? Their whole judgement is based on the evidence of Bofors, whose conduct in the international arena of arms dealings is very well known. And the Committee does not take into account at all the conduct of the Bofors with regards to a number of issues like the names of the Directors. There is no reply. Mr. Shiv Shanker says : "How do you link up Hindujas with Pitco?" Well, only minutes back you said that the amounts were taken back by the Directors. Now, if that is the case, are the Hindujas the Directors of Piecco? You can't have the cake and eat it too.

SHRI P. SHIV SHANKER: I never said that.

SHRI DINESH GOSWAMI: you said Mr. Shiv Shanker. You said that the amounts might have been taken by the Director and in the next moment you would say that 'yes, it is 1981 contract and you cannot relate it with the present contract and therefore Hindujas cannot be involved in the present deal'. Therefore, on the one hand, you will say that the Directors might have taken back and if your argument is to be logically accepted that in 1981 Hindujas were directors ... (*Interruptions*)

AN HON. MEMBER: He said Bofors Directors.

SHRI P. SHIV SHANKER: You are talking in the air. I have not said it at all. (*Interruptions*)

SHRI DINESH GOSWAMI: Of course you said that the Directors would have taken it back. Now, what he said was that the amount given to Pitco may not be to Hindujas. Therefore, if in 1981 the amount had been taken by Hindujas, then are Hindujas not the Bofors directors? If Hindujas are not the Bofors directors, then these arguments cannot be accepted that what happened in 1986 or 1987 that had the Bofors directors taken in 1981, the situation was different, the Hindujas might have taken the amount. Therefore, Mr. Deputy-Speaker, if we look into this report, it has been shown and fully established that the Bofors have treated the Parliamentary Committee and the Parliament with contempt. They were the parties who could have given the information and they were bound to give information because the condition of the contract was that no middlemen could be employed, no commission could have been paid and if the documents which are in possession of the Bofors could establish whether middlemen were employed or commissions were paid and non-disclosure of documents in my respectful submission, was the greatest delinquency on the part of Bofors and that advantage was taken by Bofors because of the failure of the JPC as my friend, Mr. Indrajit Gupta said, we are not supposed to give a certificate to them, even though they did not disclose the most important facts, did not place the relevant documents be-

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fore the Committee. And they did so because the Government made a public statement that whatever they may do, the contract would not be terminated will ever be diluted. Therefore, Mr. Deputy-Speaker, I will not take much of the time of the House. I will say that this report is a white washing report. It has failed to investigate properly to come to a conclusion on any of the terms of reference for which the power of investigation was given to this Committee and that is why we reject this report in toto. I am sorry that I cannot compliment Mr. Shankaranand's Committee because in spite of the fact that the Committee had some very very distinguished members to whom we had the highest regard, the Committee failed to achieve the purpose for which it was constituted and may be, in the ultimate analysis, if we look back, the way the Committee functioned, the way the Committee allowed Bofors to go out of its grip, the way the Committee did not ask the proper question, if fully establishes that the Opposition did the right thing by not being on the Committee because the whole exercise was an exercise of white-wash.

SHRI JAGAN NATH KAUSHAL (Chandigarh): Mr. Deputy-Speaker, Sir, I am only trying to give an answer to Mr. Dinesh Goswami. When he put a personal question to me, he said that he would like me to answer whether we could compel Bofors to disclose their contracts regarding which they say that winding up charges have been paid. Mr. Dinesh Goswami's contention is that it could be done because it was part of our contract that there shall be no middlemen. Now, this particular question was put to the Bofors and when we said that the charge against you is that there has been middlemen in this contract, they said no, there has been no middlemen. We said that you have paid that money. They said that money had been paid to our consulting agents as winding up charges. We said "produce those contracts". They said "those contracts we will not produce"... (*Interruptions*)

We said "you will have to produce those

contracts because you cannot claim any confidentiality regarding these contracts." But they refused. Now, the question is: Was their stand correct or not? And the precise question was put to the Attorney General by the Committee, which you will find at page 182, and I quote:

"The Attorney General further observes that just as the Government of India could not be compelled by any third party to disclose the terms of contract with Bofors, the latter also could not be compelled to do so in so far as their dealings with third parties were concerned. Therefore, the stand of the Bofors was correct."

(*Interruptions*)

SHRI DINESH GOSWAMI: The attorney General did not take into account that point, that is, whether a breach of the contract with the Indian Government is dependent on a particular document, that document can be compelled to be produced. The Attorney General has not taken that point into consideration. These are not two independent contracts. These is a link between these two contracts.

These are not independent contracts, but one linked with the other... (*Interruptions*)

SHRI JAGAN NATH KAUSHAL: Sir, I will, with respect, say, I have great respect for Mr. Goswami, but in this particular matter the stand which he has taken is not legally correct. The correct stand is whether those were winding up charges or not can only be determined by the production of those documents, and regarding those documents they have a right to claim privilege and I also subscribe to the view of the Attorney General.

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF INFORMATION AND BROADCASTING (SHRI H. K. L. BHAGAT): Mr. Deputy-Speaker, Sir, after a pretty long time, after some years, I am intervening in the debate in this House. Except for speaking sometimes on matters

which are under my charge, I have not intervened for a long time. Today, I would venture to make a few submissions, a few observations. Of course, it is the privilege of Mr. K. C. Pant to reply to the debate which he will. I would like to make some submissions.

I have respect for all the hon. Members who have spoken and one speaking before me, Hon'ble Goswami, Indrajit Gupta and other Members, all those who have spoken, I have respect for them. They are good speakers, eminent men in the Opposition, and I have gone through carefully all what they have said. Well, I am glad that Mr. Dinesh Goswami very frankly and forthrightly said that he never said, he never blamed the Prime Minister for having received any commissions or anything or any bribes. It is a straight-forward statement by him. Well, he never said it, and if he had believed it, he might have said it... (*Interruptions*). He says, he never said it. Other speakers also today, if I go by their speeches, none of them, if I read the tone of the speeches, I will come to some of the points, all what has been said right from the beginning inside the House and outside the house was making allegations, innuendos, absolutely without any evidence charging this Government, charging the Prime Minister, and charging everything with having done so many things. That is missing today from the speeches of the hon. Opposition leaders. I am glad about it. If they have become wiser, I am happy about it.

Hon. Goswami said: Well, are we supposed to prove the charges? Are we supposed to be prosecutors? Now, I would tell hon. Goswami and hon. Members of the Opposition that as Members of Parliament we are supposed to make an allegation when we have some grounds for that and if challenged, we are supposed to prove it. We are responsible for it. If we make false, baseless, concocted charges merely based on suspicion in gestures and surmises, we are liars. We are bound to prove it. Tonnes of allegations have been made inside the House and our side the House with not an ounce of evidence and still we say, 'Well, it is our responsibility to

make the allegations, not our responsibility to prove.' You are retreating from the responsibility of proving the charges, though the Government does not depend on your proving or not proving. The Committee was set up and the Committee had gone into it. With due respect to all of you and to the Committee, the Committee has gone to the farthest extent to find out what it could possibly find. And it has found out what it could possibly do. And its work, in my opinion, is very commendable.

Now, hon. Member, Indrajit Gupta said, well right from the beginning, he felt that the Committee would not be able to find out anything. Therefore, we thought, we shall not join it. Well, it is obvious. You did not want to join the Committee because you thought, the Committee will not be able to find out anything and there is not much in it which could be found out -- or who has received the payment and so on. Then, he further said, therefore, he did not want to be a party to the Committee so that the responsibility does not come on him. You ask for a committee. Then, you did not want to join the Committee. You do not join the committee and then, you are relying on what? I would say, you use strong words, loud words, brave words and then, finally a retreat. No, is it not our responsibility to prove it. Is it not our responsibility. Your responsibility is only to raise mudslinging, to indulge in character assassination? Your responsibility is only to make false allegations, even fabricated allegations and get away with it? No. One pertinent question I am raising before you. We must consider ourselves as proud Indians. I do not feel happy. I want an alternative to the Congress to be there in the country, in the interest of the country. I want it. Let us think dispassionately, why during these 40 years, we do not have no Opposition in the country which exists in every corner of the country, a national opposition, with a national existence and national perspective, national programme, capable of facing the Congress. Why? If you go into it, it is because, most of the Opposition Parties have adopted this attitude of having a short-cut of character assassination, false charges trumpeting up, finding something and continuing with that

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game. With most unfortunateness and with a deep sense of anguish and pain, I would say, I could understand other things, I could understand many things. I can understand, you are all political people. We are all political people. I do not say, I am not a political man. So you are, so am I. We are all political parties and we have political thoughts. But in the history of 40 years of this country, so many times, so many kinds of allegations have been made, so many things have come from time to time. Indiraji was the worst target of that, with so many false allegations, tonnes of case diaries being released against her but not even one case was filed. She was discharged. All these case diaries were released every day but not one FIR was registered. Such a thing was done. The worst clouds of suspicion were created, this and that. That was all followed, and what was the result? Some of these sitting here belonging to the other Parties disappeared and we came back. We came back, because there was no alternative. We were not there outside because there was no alternative to us. We are here because we have a vision, we have a dream, we have policies, we have programmes. We are the Party which still today attracts the largest number of people from all parts of the country. You have not been able to develop Opposition because your approach is opportunistic; because your approach is shallow; because your approach is cut-short method; because your approach is not based on anything. That is what has happened. If you ask me what pains me the most is, that you have brought those so-called Bofors things, which was connected with the Defence of our country. If you ask me, frankly during these 40 years of India's existence, as a free country and a democratic country -- I do not want to use any unparliamentary word -- this instance, of the Bofors instance, the manner in which you raised it, the manner in which you pumped it, the manner in which you did it, this has been one of the most shameless and opportunistic chapters in the Indian history by the Opposition. You could not succeed then. You cannot succeed today. Today I asked

somebody, what is the Opposition's *mantra*? They say, Bofors. I asked, what is their Bhajan? They say, Bachchan. I asked, what is their deity? They say, Vishwanath -- Nath of the entire world. These are the things. Where have you reached? Where will you reach? You are all now worried, you see. Somebody said, 7.5 millions of Indians have lost faith in us, have lost credibility in us.

Bofors thing started one year ago, more or less, a little more than one year ago. I want to remind you that during this all one year, much of the time has been taken by Bofors, on Bofors, about Bofors, regarding Bofors, by you here, in the media... (*Interruptions*). Hear me. I want to know all the noise that you have been making about Bofors. What has happened in this country? You will say "Yes. We did it." We defeated you in Tripura.

SHRI BASUDEB ACHARIA: With the help of the army.

SHRI H. K. L. BHAGAT: I do not say that we defeated you with Bofors gun. You say "We defeated you in Bofors gun"... (*Interruptions*). I am not yielding. Whenever you lose, you say, it is rigging. Whenever you win, it is honest election... (*Interruptions*). We won in Nagaland.

SHRI BASUDEB ACHARIA: In Meghalaya what did you do?

SHRI H. K. L. BHAGAT: I will tell you about Meghalaya. We won a number of parliament bye-elections during this one year. We won a number of legislature bye-elections. We won local elections in a number of places in Andhra Pradesh and in Karnataka... (*Interruptions*). Don't live in a fools' paradise, I tell you. If you wish to, I am happy. If you wish, Mr. Amal Datta, I would rather wish you to remain in your perpetual fools' paradise. About Haryana elections, ask Mr. Devi Lal, whether he won the elections only because of Bofors? No. He would kill himself if you say that. He has his own reasons. Reasons are many. Therefore, I am saying it that you seem to think that you have created

something. It is nothing. You have retreated. Let us come to certain things... (*Interruptions*). You don't dispute. These are all repercussions. You have said this. I am only answering some of the points.

I am very glad to say, almost everybody has said, well, nobody has seriously challenged the necessity, for a gun of that kind. It is accepted and today there is consensus in the House that such a type of gun was needed.

Secondly, there has been no serious challenge. There is no use raising noise like this. It is a fact. Go by the record.

The quality of the gun has not been seriously disputed by anybody. The price has not been disputed by anybody.

SHRI BASUDEB ACHARIA: Then why was the money paid?

SHRI H. K. L. BHAGAT: You and I going to become *Guru* and *Chela*... (*Interruptions*)

SHRI BASUDEB ACHARIA: *Guru* and *Chela*?

SHRI H. K. L. BHAGAT: After retirement, I will become a *Sadhu* and he will become a *Chela*.

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI SONTOSH MOHAN DEV): Allowed!... (*Interruptions*)

[*Translation*]

SHRI R. L. BHATIA (Amritsar): Mr. Bhagat, he will spoil you.

SHRI H. K. L. BHAGAT: Neither he will spoil me nor I will spoil him.

[*English*]

The quality of gun is not seriously disputed. Gun was needed. It is not seriously disputed. The price is not seriously disputed. What are you trying to hang on? You are trying to hang on the note of Shri Aladi Aruna, the dissenting note. I do not

go into the question that the split has come in the AIADMK and all that. I do not want to cast any aspersion on any body. You are trying to hang on the note of Shri Aladi Aruna. What is the operative portion of Shri Aladi Aruna's note? He says, the core of it is, there is no direct evidence against the Prime Minister with regard to this case. But, Prime Minister took extraordinary interest in this case. What is the extraordinary interest and what are the consequences of his extraordinary interest that he talked to the late Prime Minister of Sweden Shri Olof Palme and, as a result of this, none of you has disputed that as a result of his talking to him not to have the agents and as a result of negotiations, it was done. If I am not wrong, 17 meetings of the Price Negotiating Committee were held. They were long meetings with detailed minutes. Three people from the Finance Ministry were there. You have not disputed it. The matter went to the Finance Minister. He also signed it. I find some of his *chelas* are not here today because I have not issued a whip. If a whip is there, they would be here. They would speak against us but they would vote for us... (*Interruptions*).

These are the facts. Can you deny them? What I am saying is this. There was a point about the quality and price of the gun. According to the report, the gun has been offered on a price lesser than even given to the Swedish Army. So, all these are facts which were undisputed. There was a mention of Rs. 200 crores. Shri Shiv Shanker and all other people have dealt on this point at length. Therefore, I don't want to go into them again. Secondly, there was a time... (*Interruptions*)

Don't run away from the realities. At that time, you found Sweden as your Mecca. Some of the Opposition party leaders thought that Sweden has their Mecca. All of you have decided to go to Sweden without even enquiring from the Swedish Government whether you should go or not. You could not go. Then, when the Swedish Public Prosecutor made some announcements, he became your God. You were saying that he is bringing out this thing and that thing but this Government is

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not doing this and that. What are the findings? Please read page 174 of the report of the Swedish Public Prosecutor. He says that no crimes have been committed according to the Swedish laws. He does not accept your theory of bribes or anything. He has just closed the investigation. You tried this in Sweden. But you have failed. One thing has been said. Of course, there are some companies which are bogus. Some companies do not exist and so on. We have not been able to find out. The Committee has frankly, forthrightly stated that they have not been able to find out from them about this.

Shri Dinesh Goswami says that the Committee has humiliated this country. He asked: "Why not compel Bofors? Why not compel Bofors to be straightforward?" Some of them insisted on that. Shri K. C. Pant has very well answered it. You could have done it, by cancelling the contract. The report says this. The first point is whether the contract should be cancelled legally? Secondly, you have to go in arbitration. What are the consequences? This is the one difference between you and us. It would have been very easy for us if we were jingoists, if we were merely only self-seekers or opportunists as some of you. We could have said: "All right, we cancel the contract". But we think more of India; more of India's defence than ourselves. When the expert opinion, technical opinion, military opinion is this that these guns are necessary all the same because of Pakistan's threat to India, you don't challenge this opinion. None of you have challenged this opinion. For us, it is possible to cancel the contract in order to gain some handsome contract that too legally. We have the opinion of the Attorney-General on record about the cancellation of contract. But the only thing that you go on saying is that the Government has not done this and that. What have you suggested? One thing was suggested. You have said that we did not invite people. I was surprised. I am sorry that Shri Jaipal Reddy is not here. He must have some important work. He has gone away. So also, Prof. Madhu Dandavate. I expected

them to be here and not to retreat. I thought that they would be here. I have great respect for Prof. Madhu Dandavate. He has spoken maximum on Bofors. Today, he is not found here to listen. I have no grievances. He must have some important work. All of us have some important engagements. What has happened now? Let us see whether the cancellation of the contract should be done at all. If at all, at what cost to the country? Somebody said that nobody was invited. Shri Jaipal Reddy went to the extent of saying who knew that the Committee was there. The Joint Parliamentary Committee has been appointed. But nobody knew of it. It was not even known to you. I tell you law is this. Even if you have no faith, even today, I ask you to search your conscience and say about this. While speaking here, has anyone of you said anything new or has there been any piece of evidence? There was nothing. When the time for extension of the term came, you have said nothing new. You have got nothing new. You have admitted and Shri Indrajit Gupta admitted and some of you also admitted. Nothing could be found out.

SHRI SAIFUDDIN CHOWDHARY:  
Why?

SHRI H. K. L. BHAGAT: I ask you. The Bofors Committee was sitting there and everybody knew of it. The JPC was sitting. The whole country knew. It came in the Radio, in the Press and on T.V. If any one whether Indian or foreigner -- had any evidence, even the rivals -- they should have come before the Committee. They should have come before the Committee. In fact, those who were briefing you, if at all, I do not know whether there was any one or not, have let you down. If there was anything, they should have come out. I do not blame the media. So much has been written in the press about Bofors. Well, they are interested. Whenever I call them even for a little personal chat, they open their book and start writing. Well, when they get material, when allegations are made, such serious allegations are made and repeated by persons supposed to be responsible -- I believe, you are responsible people -- they are bound to write and they

have written. But then the question is whether we have acted with a sense of responsibility or not. The law of the land is that anybody can set the machinery of criminal law into motion at any time. If any one of you had any material against anybody, 'A', 'B', 'C', or 'D', Chadha, Hinduja, etc., etc., if you had any evidence, you could have set the machinery of law into motion. My friend, Mr. Amal Datta, is a very good lawyer, but I do not know whether he is a criminal lawyer or a civil lawyer. Mr. Somnath Chatterjee is there. The other people are there. Even now they have nothing. What they are now trying to bank upon is, "Well, the *Hindu* has written something about it." It is a pity that some observation of Prof. Tewary which he later on elaborated about the *Hindu* was sought to be used as an argument. That is where the level of debate has been brought down to by the opposition; that is where we have come to.

Now, your last weapon is what the *Hindu* has written. (*Interruptions*) Mr. Indrajit Gupta said that the Committee should have waited and gone into what the *Hindu* has written. My simple question is this and you will not be able to answer that. You as political parties were not interested in finding out the truth. If you could find something which would damn us, you would have done it. You knew from the beginning that you would not be able to do it. You made a proposal for a Joint Parliamentary Committee hoping that you might be able to get something. But when you found that you would not get anything, you ran away from it in spite of Mr. Pant's repeatedly asking you to join it -- he was almost begging of you. And today you are relying on the dissenting note given by Mr. Aladi Aruna. If you were nine there or ten there, well, the dissenting note could have become more powerful, more meaningful. I think, some of you have now an inward sense of guilt that you did not join this Committee. If you had joined this Committee, may be you could have helped. But you did not want to because you were not interested in finding out the truth. If the truth is against us, then you are interested. If the truth is not against us, then you are not interested. Then you would

like the matter to remain; you will go on and on in your artificial balloon raising suspicion, cloud, dust and what not; you will go on getting whatever benefits you can.

Finally, I want to end by saying this. I would not say that we are all clever people. Our friend, Mr. Jaipal Reddy, says evasively one sentence: "We know what are their relations with the Hinduja" and then leaves it at that, so that he can raise a point for record. His eyes are above for getting something in the press. If he had really something, he should have elaborated on it. The very fact that he did not do that shows that he had nothing to substantiate. Now, an inference can be drawn. It is all wishful thinking.

Another thing is this. We have a very interesting Opposition. The Prime Minister, day in and day out, has spoken on this issue. He comes to the House and says that neither himself nor any member of his family is involved in this and that, if anybody was found involved, whoever it is, friend or relative, action will be taken against him. First, the Prime Minister is charged, is accused, directly and indirectly throughout the country; many come and say, "It is wrong". Then they say, "Look, the Prime Minister comes and says this; he is trying to clear himself." A funny Opposition indeed. I remember, in my Assembly days, I made a statement and the Opposition leader gave a statement. I asked him: "Suppose I had made a different statement, what would you have done?" and he said, "I had the other one ready in my pocket." This is what you are. One thing more and I have done. Well, the Committee has not called the Prime Minister in the witness Box, nor the Defence Minister in the witness box nor Mr. Arun Singh in the witness box. Why is that the Committee has not called them? You know that somebody is called in the witness box against whom evidence is there. Not that one, who is required, to explain, is called. Not a shred of evidence is with you, not before the House, not before the Joint Parliamentary Committee, but you have all retracted from that position today. Have the Committee called the Prime Minister and given you the Opportunity to say that the Prime Minister is in the dock?... (*Interruptions*). Just a

[Shri H.K.L. Bhagat]

19.00 hrs.

minute. Well, I thought, Mr. Acharia, you are more reasonable and sensible. They should have called Mr. Pant, they should have called Mr. Arun Singh, that kind of thing is what is called witch-hunting, that is a roving thing which you wanted. We are in Parliament. We are not having a public meeting in Chowringhee where you and I can speak anything and get away. We can get away with anything there. But not here. Therefore, I am saying that there is no question of this. It happens. Try to see from the beginning. I do not put all of you together. I do not club all of you. Even if you try, you cannot put yourself together. I know even then you cannot put. We are not existing because there is no alternative to us. We are existing because we are a very positive force. I tell you and you mark my words, I am not a political *Jyotshi* in spite of this talk of Bofors which you think exist. Your *Mantra* is bofors, your *Bhajan* is Bachchan and your God or Deity is Vishwanath. Now with this, you will be nowhere and with the support of the people, we will be back here in the Central Hall.

MR. DEPUTY-SPEAKER: Mr. Banatwalla to speak.

(Interruptions)

MR. DEPUTY-SPEAKER: I have called Mr. Banatwalla to speak and not anyone else. Mr. Banatwalla is on his legs. I cannot allow others. Nothing goes on record except Mr. Banatwall's speech.

SHRI G.M. BANATWALLA (Ponnani): Mr. Deputy-Speaker, Sir, it is a great national tragedy that for the past one year or more, the country had to content itself with thick cloud of suspicion regarding corruption at higher quarters raised by allegations against the Bofors contract. I must compliment the Government that as soon as it was convinced that there was some *prima facie* evidence of huge payments having been made, the Government conceded to the demand for a Joint Parliament Committee. That was a very good thing a right thing to have done.

Unfortunately, many in the opposition failed to rise to the occasion and join the Committee. We do not, of course, approve of their failure to serve this House and the nation. These are points apart. But as far as the report is concerned, the report of the Joint Parliamentary Committee, I am very unhappy to say that despite the report, the controversy will continue. With all honesty I rise to express my total dissatisfaction with the Report. The Report is very much disappointing. I respectfully submit that the Joint Parliamentary Committee has grievously erred in its conclusions. The conclusions are not borne out by its own findings. The conclusions are not borne out by the facts and the material that it had before itself. Because the conclusions are not borne out by its own findings, I most respectfully submit that the Report of the Joint Parliamentary Committee is a gross misuse or abuse of Parliamentary Procedure and Forum.

The point that I am making is simply that there are certain conclusions in this Report; but those conclusions are not borne out by the findings of the JPC; those conclusions are not borne out by the facts and the material that it had.

I don't want to accuse anybody of corruption whatsoever. It is not my habit to play the filthy game of mud slinging in the hope that some of it will stick somewhere. I am not given to that particular type of tactics. But it is my duty to point out to the House that the conclusions of the JPC are not borne out by the facts and the material that it had before it. That is my only submission.

Take the question of the recipients of huge amounts. That huge amounts were paid is not doubted. The question is, who were the recipients? The Committee failed to find out who were the recipients of these amount. The Report says:

"On the ground of commercial confidentiality, Bofors have not furnished

full details of the persons to whom winding up costs were paid. It has not been possible for either our investigating agencies or any other source to find any evidence regarding the identity of the recipients. The Committee, therefore, have not been able to reach any conclusion in regard to the identity of the recipients."

When the Committee has not been in a position to identify the recipients, then, how can the Committee come to the conclusion that no Indian--resident or nonresident--has been involved? This is the only point that I am making. I don't want to accuse anybody. I am not here to accuse. I only say that according to the facts and the material before it and according to its own admission, there was no basis whatsoever to say that no Indian--resident or non-resident -- was involved.

How can you clear all the Indians? What is the basis of this conclusion? The fact remains that even in the case of three companies that were named by Bofors, the JPC could not find out as to who were the real owners of those three companies, quite apart from the other individuals. Those companies also were such as were registered in tax havens obviously for the purpose of tax avoidance and secrecy. One of them is reported to have done no business during the last two years or perhaps more. Such has been the situation. Therefore, I say, a sweeping conclusion was made by the JPC irrespective of the fact that it could not find out the recipients of this huge amount.

Take another point with respect to the nature of payments. The Committee has come to the conclusion that the payments were in the nature of winding up costs. But again this conclusion is not borne out from the findings. I quote from the Report:

"Bofors have expressed inability to furnish copies of their initials as well as termination agreements with the three companies to whom winding

up costs were paid on the plea of commercial secrecy. According to the advice of the Attorney-General the stand taken by Bofors is sustainable in the circumstances of the case."

The relevant documents of contract could not be obtained by the Committee. Then in the absence of those documents of contract how could the Committee come to the conclusion that the payments made were really in the form of winding up costs and not commissions, kickbacks and bribes. Even the Attorney-General's opinion may be considered. We have been told here that the Attorney-General himself has given this opinion to the Committee that Bofors was right in claiming privilege and the Bofors claim not to give the copies of the documents of the contract was sustainable. Our point is not whether Bofors claim was sustainable. That is a different question altogether. Our point is since Bofors claimed that privilege and the documents were not placed before the JPC then how in the absence of those documents of contract JPC could give any opinion with respect to the nature of payments. That is the crucial point. The Attorney-General himself had warned the JPC on this account. The Attorney-General had told the Committee that yes Bofors can claim that privilege. They may not produce those documents of contract but in the absence of those documents of contract we cannot say what the nature of the payment was -- whether the payments were winding up costs, commissions or any other thing. Therefore, I must submit that it was a rather sweeping conclusion to have said that they were winding up costs.

Then again another sweeping conclusion has been made by the Committee to say without any evidence whatsoever that no amount has been paid in violation of Indian laws. Our Committee could not get the documents of contract. They could not know who the recipients were. They could not find out the nature of payments from those documents. Yet the Committee came to the conclusion that no payment has been made in violation of the Indian

[Shri G.M. Banatwalla]

laws. In the absence of the documents of contract such a conclusion, I am afraid, is not sustainable.

The only point I am making is that the conclusions are not borne out by the findings. The Joint Parliamentary Committee has said one very correct thing. It has opined in its report that in view of the persistent refusal of Bofors to name recipients and to produce documents of contract, the Committee could not make any headway. So far, correct. The report ought to have concluded there that they could not make any headway. They ought to have left the matter there. But having said that they could not make any headway, they plunged further and made great headway by saying that, yes, no Indians were involved; Yes, the payments were in the nature of winding up costs; and, yes, no Indian laws have been broken.

I, therefore, say that the Committee has been blowing hot and cold in the same breath. In the same sentence you say that you have not been in a position to make any headway. And in the same breath, you say that you exonerate everybody and make sweeping conclusions. Therefore, I am constrained to say that this report cannot be acceptable to the country. The report is not acceptable at all because of such unsubstantiated conclusions that we have. I have, therefore, to express my total dissatisfaction against the report and feel that the report is guilty of misuse or abuse of our parliamentary forum.

It is unfortunate that the Committee failed to take cognizance of the new evidence that has been revealed by the Press, particularly by *The Hindu*. Six documents were published. This House elected the Committee to find out evidence. They ought to have done something to inquire into these matters also which have come in the media and not to treat them with contempt. It would have been in the interest of the nation itself had the entire mystery been solved. Instead, because of the report, the mystery deepens.

Are we now to look up to the Swedish Parliamentary Committee to reveal the truth? It would be a pathetic state. It was the Swedish National Audit Bureau's report that gave us some *prima facie* evidence. Now again, we may have to look up and wait for the findings of the Swedish Parliamentary Committee. That, I say, is very pathetic indeed. The Vice-Chairman of the Committee said and I quote:

"Documents which have been shown to the Constitutional Committee of the Swedish Parliament, if made public, will cause some turbulence in both Sweden and India."

While I am not making any charges whatsoever - I am not a party to that - I really feel that such wild charges ought not to have been made unless and until the Opposition was ready to come forward to tender its own evidence.

I must urge upon the Government not to treat the Report as a last word. That is the only caution for which I have risen. I only want to caution the Government. I was called upon to speak right at the time when it was time for me to break my fast after the whole day. At such an auspicious time, I am here to urge upon the Government, please, not to treat this report as the last word, to continue the investigation because it is not in the interest of the nation that all of us should have an image which is an image of a suspect in the eyes of the nation.

Let us not have, let not anybody have an image which the Opposition is trying to create, an image of a suspect in the eye of the nation. Therefore, it would be in the interest of the whole thing that the Report is not taken as a last word. Unfortunately, the matter was raised under Rule 193 and had there been a motion, I would have come forward with an amendment pleading to this House to send the Report back to the Committee to consider the fresh evidences and the fresh points that are coming up. At least, as the last resort, I appeal to the Government not to treat the Report as the last word and to see that

vigorous investigation is made not only to clear every doubt that is there but to expose even the game of the Opposition, if that is a game. It is also necessary to see that justice is done under this particular case and anybody, if found to be guilty, is brought to task.

With these words, I conclude.

SHRI SHARAD DIGHE (Bombay North Central): The Report of the Joint Parliamentary Committee to inquire into the Bofors contract is under discussion of the House and at the end, regarding the various features of the Members of Opposition, I feel that they have done disservice to the nation by not joining this Committee. If they had so many arguments and so much material placed before the House and if they had several suggestions as far as the functioning of the Committee is summoned, they should have waited and joined this Committee to take the responsibility of finding out the truth as far as this episode is concerned. In fact, there was not much difference between their alternative resolution, as far as the formation of the Committee is concerned, and the ultimate Amendment Motion moved by the Defence Minister for the constitution of this Committee. I feel that the difference was this that they wanted this Committee to go into all the episodes from the year 1980, as far as the Defence deals are concerned, whereas the official motion restricted only to this subject. Therefore, after the Amendment Motion was moved, the whole Opposition should have joined this Committee and helped the House for coming to a further conclusion. Now, it was said that the ruling party first took this very lightly and was not even prepared to constitute a Committee. But I may point out that this Committee came into existence only as a result of the Audit Report of the Swedish Government and for that Audit Report also, our Government had taken the initiative. If we read page 11, it will be clear that it was at the instance of our Government that ultimately the audit took place and quote:

"On 21st April of this year, the Indian Ambassador came to the Swedish For-

eign Ministry and asked that the Swedish Government should help in obtaining information whether the middlemen have been used or not. In view of this, the Under Secretary of State, Mr. Carl John Aberg immediately contacted the leadership of the Nobel Industries and requested that full clarity should be obtained in the matter.

On 24st April, Bofors transmitted a written report to the Indian Ambassador in Stockholm. The Indian Government has declared that an investigation through the Swedish Government is of great importance. The Audit Board will make a speedy review of those transactions which may be relevant in the matter.

On 24st June, 1987, the Swedish Embassy in India presented to the Ministry of External Affairs, Government of India, a copy of the Report of the Swedish National Audit Bureau..."

This Committee came into existence as a result of the audit report and the audit report was at the instance of this Government only. What I want to submit is that the whole episode is based on mere suspicion and suspicion has no answer. The only answer we can give is that we have tried our best to find out the truth.

As I was pointing out, the initiative for the audit report was taken by the Government and as a result of the audit report when something came out, immediately Government moved to constitute this Committee. After the Committee was constituted, many opposition Members have blamed that this Committee has not functioned properly and has not done its duty, apart from the fact that the Opposition Members did not participate at all and did not help the Committee at all. If we read the whole report, it is quite clear that the Committee left no stone unturned to find out the truth. They examined various officials to find out whether the deal with Bofors was the correct and the cheapest one. I have no time to read certain parts of the report, and it has been extensively read by the Minister, Shri P. Shiv Shanker. The

[Shri Sharad Dighe]

whole report says that the experts had given opinion that these guns were the best; even the Committee and the experts in that Committee have from time to time stated and given evidence that these guns were the best and the cheapest also.

As far as the price is concerned, not merely the amount is to be considered, but several other factors, which the Committee has considered have also to be looked into. From that point of view, it has been stated very curiously that these guns were cheaper to India rather than to Swedish Government itself. It has been stated on page 131 and I will quote:

"We say that the final prices in the contract for India are lower than comparable prices offered to any other customer. It means that India is treated as the most favoured customer. For example, for the same field Howitzer, the price offered to India is lower than the price offered to the Swedish army."

The price offered to India was even lower than that offered to Swedish army. There is no doubt that this deal was the best and the cheapest. If that was the position, where is the question of any middlemen taking monies and defrauding this country of the large amounts. The main question is whether any Indian has taken monies and whether while taking those monies, India had to pay any more amount than the guns deserved. That point no Opposition Member has made.

Before the Committee, Bofors officials have also been examined. They have also given evidence and I may point out that the Committee took great pains in finding out the truth. When the Chairman was given three names, the investigating agency was utilised to find out the truth about those three parties. Then the Investigating Agency was utilised to find out the truth about the three parties and, therefore, we cannot make any allegation as far as this Committee is concerned. The

Committee has taken utmost, made utmost efforts when the three names were given. If the Committee wanted to hide anything, Committee would not have used the Investigating Agency to go after those three parties and find out who were they; who were the partners and whether those three companies were real or not. All these things were found out by the Committee and the Committee made utmost effort to find out the truth as far as this is concerned. If the ruling party or the Government or the Committee wanted to have only eye wash and wanted to hide some facts, which I wanted that some facts should not come out, I should not see the light of the day, then they could have used several methods. But we see that when some information came from the Bofors that information was also pursued through the Investigating Agency and what has been pursued or what has been obtained has also been put on record, as far as this report is concerned.

Now, when this report came out, curiously enough the day was so chosen to publish certain more documents by a daily named, Hindu. Now, if we carefully see those documents, I am referring to them because the Opposition has made a point that after the publication of those documents even the Committee could have gone into that. If this method is followed there will be no end to the Committee's investigation. The Committee would make a report, somebody will produce or publish some documents the Committee will sit again and go on with it. After that if Committee could publish the report, somebody will publish some other documents and in this way that Committee can never complete its report. But apart from that fact I will point out that on the face of it these documents are fabricated or constructed and cannot be believed at all. For example three documents were published on 27th April, 1988 two of them are titled as the 'Purchase Declaration'. The Swedish word used is 'INKOPSNAMLA', i.e. the Swedish word and I am told that the meaning of that word is purchase declaration. Now, these declarations are not signed by anybody. Just as we fill up some forms for

getting the draft from the bank and give it to the bank, such printed forms have been just filled in. As you know, below that there is some stamp or some signature. Below the stamp there is no signature at all. So, these are perhaps some printed things used and then shown here as certain documents connected with the PITCO payment, etc. So, these documents are not genuine at all.

Apart from that if we see two letters which were published by Hindu, one letter is dated 19th October, 1979. Now, if you see the report you will find that the philosophy paper was prepared in October, 1979. So, there is no question of having a deal with the Bofors at all. Only the military was considering to have such type of guns. So, at that time it was probable that the letter which was perpetrated to have written by M/s A. B. Bofors for Ordnance Division to the British Bank of the Middle East, Geneva for the Attention of Shri Mer-shi informing the bank about the terms of Agreement with PITCO regarding the amount to be paid, there was nothing in October, 1979 so how can this letter exist at that time. So, absolutely, obviously this letter is a false document and a forged document.

Then, if we see some of these printed forms which are produced in the column 'country' -- it is written in England. The country is not England at all, it was all United Kingdom. So, somebody wanted to forge these documents and made all these mistakes. From these mistakes, it is clear that these documents are forged documents and just printed and published so that there is some more evidence available and the Committee should go into it. Therefore, the whole game is to create suspicion and to continue that suspicion till the end. So even if there is a Report of the Committee absolving everybody, even then suspicion should continue. Therefore these documents are again-again printed and further suspicion is continued so far as the masses are concerned. So, these are all politically motivated.

Hon. Member Shri Banatwalla said that the findings are not based upon the evi-

dence. I would like to know which finding is not based upon the evidence? There is no finding for which there is no evidence or no material, in this Report at all. Of course, you may say that we have not been able to find out the recipient, but the three parties were mentioned. They have been pursued and tried to get information about them. If, ultimately the Committee cannot find out such things, the committee cannot be blamed. It tried its best. It examined all the possible witnesses, All the material was collected. And from that material whatever finding they could give and on whatever conclusion they could arrive at, they have sincerely arrived at. Therefore, the crux of the whole problem, is whether the Government and this Committee appointed by this House had tried its best to arrive at the truth or not and if that test has to be applied, then I may say that they have left no stone unturned to find out the truth. This is the truth which has come before the House. If the Opposition wanted to have this Inquiry in a different way, it was their duty to join this Committee and have the say in the Committee. Without doing that, now if you merely criticise it and say that this is not there, this has not been done by the Committee, it is not fair either to the Committee or to this House.

Therefore, I submit that there is no substance in the criticism made by the Opposition as far as this Committee Report is concerned.

SHRI V. KISHORE CHANDRA S. DEO (Parvathipuram): Mr. Deputy Speaker, Sir, today we are discussing an unprecedented report that has been presented by an unprecedented Committee in an unprecedented cover up that will blacken this institution of Parliament for ever.

Since several Members from the other side, including the hon. Ministers have spoken, they have lamented the fact that the Opposition had not joined this Committee after having demanded for one, I would like to make my position clear just to set the record straight.

[Shri V. Kishore Chandra S. Deo]

You may recall that on the 26th April, 1987, after this news was flashed through the Swedish Radio and after the same news appeared in our press, we from the Opposition at that very moment of time demanded a Parliamentary Committee to find out whether any money payments were made at all -- I repeat -- whether any money payments were made at all. I am sorry to say that -- Shri Pantji is not here because he has been repeating this over and over again what I have said earlier -- he had chosen to forget it. I have said it even when you asked for the extension of the Committee. Therefore, what I would like to say is that at that particular moment of time the Prime Minister himself, and the Defence Minister got up and charged that the allegations that were made by us were also, baseless, mischievous and fabricated, and went to the extent of even saying that this was part of a destabilizing process.

Mr. Shiv Shanker, while making his speech now, has said -- and I quote: "The Government knew that it was a bogus charge." My hon. colleague Mr. Sharad Dighe, while speaking now, said that it was the Government who initiated and asked the Swedish Government to pursue the matter, and that the report of the National Audit Bureau was the result of the Government's request. If the charges were false, if they were baseless, if this was all a part of destabilisation process, if they knew that this was a bogus charge, why then did Government request the Government of Sweden to further pursue the matter? Whatever may be the case, it was the report of the National Audit Bureau of Sweden which forced this Government to offer the formation of this Parliamentary Committee to go into the Bofors issue. The demand of the Opposition was rejected earlier. That session was over. Those charges were called baseless and false. Yet he says Government chose to request the Swedish Government to find out whether there was any truth in them.

Mr. Shiv Shanker knew that the charges were bogus; the Prime Minister said that they were all baseless, mischievous, con-

cocted fabrications. Yet they asked the Swedish Government, and it was on the report given by the National Audit Bureau that this Government ultimately agreed to form this Parliamentary Committee. So, what I would like to mention here, and I hope I will be understood properly this time, is that there was a qualitative difference between the time when we demanded a Committee, and the time when you agreed to set it up. We asked for a Committee to find out whether money payments were made at all, or not. You agreed, after dismissing all these as false, to form a Committee after the National Audit Bureau of Sweden in its report had stated that money had passed hands. I personally did not think then, or do not think even now that there was any necessity to have a Joint Parliamentary Committee of our country to find out to whom and whether money was paid in some foreign countries. The news emanated from the Swedish National Audit Bureau. The money was paid from the Swedish bank. Bofors is a private company in Sweden. And how did you expect your agencies in India whether they are the CBI, IB or the Parliamentary Committee itself to get at this truth?

I am sorry to say that this most ridiculous proposition of commercial confidentiality which is absolutely absurd, was taken recourse to by Bofors; and unfortunately this has been accepted by no less a person than the Attorney General himself. This Committee which was formed, has failed to even censure the Attorney-General or the Bofors for having agreed to this kind of a most ridiculous proposition that was put forward by the company.

So, what is the confidentiality between a buyer and a seller? Sir, I would like to ask you: will any seller pay commission, remuneration or whatever you may call it, to a third person who cannot influence the buyer? Has it ever happened in any business deal? I am not prepared to swallow this kind of a theory which is being sold to us.

Mr. Shiv Shanker, while speaking, said that there was a Price Negotiation Committee. He asked us whether we were trying to cast aspersions on the Price Negotiation Committee. Then he went on to say that it was the Prime Minister himself who negotiated and because of that, the price was reduced. So, was the Prime Minister the Chairman of the Price Negotiation Committee, or was the price negotiated through this Committee? What is it all about? His entire speech was a bundle of contradictions. He said that seven eminent people constituted the Price Negotiation Committee. Yet it was the Prime Minister who was responsible for the reduction in the price. He said that when two Heads of Government meet, bilateral talks go on. Bilateral talks go on -- on what? On matters, on bilateral issues, on a Government - to - Government basis. Is Bofors a private company, or is it a Government company in Sweden? What was the necessity for our Prime Minister to talk to the head of the Swiss Government on a bilateral basis? Is this issue to be discussed on a Government - to - Government basis? Is Bofors a Government company, or is it a private company?

What control does the Government of Sweden have over a private company according to their law and the situation? These are the questions which have not been answered. He only says, politicising. Today whether it is a Bofors agreement or whatever it is, you had signed it because you are in the political power; you have made use of the political power to cover up this entire episode. Then you want us not to politicise it. Do you want us to take it at spiritual level?

It is a political issue and we will have to fight it back politically, because, by virtue of political power that you had you had signed this contract and you also used to political majority to push it beneath the carpet. I will not fight shy to speak the truth. Political corruption has to be fought politically.

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF INFORMATION AND BROADCASTING (SHRI H. K. L. BHAGAT): No, no, that is all right. That is what I say. It is there. But my point is that you were saying something else. Now, straightaway, you say that it is a political issue.

SHRI V. KISHORE CHANDRA S. DEO: The political cover up has to be politicised. Certainly, it is a political issue because if you had no political power, you would not have an opportunity to sign this contract. Then you used your political power to push the truth beneath the carpet. Certainly with a political will, political motivation we will fight it back politically. It will ultimately be the people of this country who move you out of your political power.

THE MINISTER OF STEEL AND MINES (SHRI M. L. FOTEDAR): We used our political wisdom.

SHRI V. KISHORE CHANDRA S. DEO: You used your political wisdom we know for what, to cover up the political issue. You used your political power to sign a contract like the way you have done. You are charging us for politicising it. Yes, we have; we are doing it and we will continue to do it. Don't try to sell these canards. I am not prepared to buy them.

SHRI H. K. L. BHAGAT: They will never be satisfied.

SHRI V. KISHORE CHANDRA S. DEO: We will not be satisfied unless the truth comes out. It is really shameful the way in which this entire episode has gone on. The Prime Minister of our country is supposed to have spoken to the late Olof Palme about no commission agent even before the deal was finalised, even before your Technical Committee or your Negotiating Committee had not given any report. How did then we presume that this particular weapon would be bought?

Mr. Shiv Shanker said that it is an established practice for a company to have

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any agent in defence deal and that was worked out earlier. Who said, no? We know that agents are meant for taking commission. What else is the job of an agent? But you told us specifically that there was no middle men, no agent, no commission was paid. This makes more curious and every statement that this Government has made things have become more and more suspicious. If there was no middleman, if there was no agent, if the concept of having an agent was dispensed with, then to whom this money went? It was a deal from the Prime Minister to the Prime Minister; it was a deal between the Government and a company. There was no agent at all; there was no commission paid. Then to whom the money was paid? Was it a charity? Was it a donation given to three hollow companies? On page 135 of this Report, it reads as follows:-

"According to M/s. 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 this Bank.

Enquiries made at the Companies registration office, Geneva and scrutiny of published information in respect of all companies registered in Switzerland revealed that no company by the name of Moineao S. A. is registered in Switzerland. Similarly, the names of MORESCO and PITCO were also not found in these records."

They have said that the payment was made to MORESCO. This is the same as PITCO. So, does it need you facsimile of Hindu to prove that the money was paid to three organisations or companies or hollow companies or whatever you may call them? Now, what they say is that the money has been paid to these companies. After that, the money has evaporated into thin air.

Mr. Deputy-Speaker, I am sure, as a student of history you must have heard of the East India Company which exploited

our country in those good old days. Pitco is nothing else but Parmanand India Trading Company. What is this? Founded by whom? Who is Parmanand Hinduja and what do they have to do with Moresco? The way our country was being exploited by the British 200 years ago by the East India Company has today been replaced by the Parmanand India Trading Company to siphon away the resources from our country and stashed away in banks abroad in tax havens from where no clue can be got.

Unfortunately, this Committee went into an aspect which was not assigned to it, that is, they went out of the way to describe the quality of the guns. It is not what we have challenged. Originally all that we were expecting was about the payments. But having gone into this aspect, several lacuna were glaring even in that aspect. This was a deliberate measure taken by this Committee to dilute the entire purpose for which this Committee was formed.

As we have mentioned earlier, we are not arms experts, or technical experts to say anything about them or to go into in detail and make any evaluation of this gun. In to-day's world of competition there is very little to prove the inferior nature; you cannot prove. There are three or four guns to select, it is a very competitive world, so there is very little to do. But I presume there would be very little difference between the French gun and the Bofors, whatever the case may be. But unfortunately the Committee has chosen to highlight and somehow project this before us that the Bofors gun is the best gun.

While Mr. Shiv Shanker was speaking, he made an uncharitable reference to Shri Aladi Aruna. He said that after his Government did not support the Tamil Nadu Government, he turned turtle and wrote a dis-senting note.

SHRI SHANTARAM NAIK: That is correct.

SHRI V. KISHORE CHANDRA S. DEO: Well, Mr. Shantaram Naik, what happened

to General Sundarji, when 16 days after becoming the Chief he reversed his decision ?

SHRI SHANTARAM NAIK: He did not reverse it. He gave reasons.

SHRI V. KISHORE CHANDRA S. DEO: The reasons that he gave, if he did not know those reasons 16 days earlier, he was not worthy of being made the Chief of Staff. Do not talk through your hat !

SHRI K. C. PANT: He does not have a hat. Do not be uncharitable.

SHRI V. KISHORE CHANDRA S. DEO: There is no question being uncharitable. It was known, his views when he was Vice-Chief, throughout he was for the French gun. You say that the American radar which was produced and given to Pakistan, which he did not realise that those would be available to them, and hence he had planned till 1997 ? Up to 1997 from now for just eight years you are prepared to spend Rs. 1400 crores ! For eight years !

SHRI K. C. PANT: Certainly, for the security of the country.

SHRI V. KISHORE CHANDRA S. DEO: Here again, I have to very strongly register my protest, Mr. Deputy Speaker, where they use the word "security and Defence" as a holy cow, as a facade to hide all these deals that have taken place.

SHRI K. C. PANT: Call it holy cow, but the security comes first.

SHRI V. KISHORE CHANDRA S. DEO: I am not prepared to accept this explanation. I would like to know, if what I have said, is endangering the security of this country. Even the information about this gun is available in manuals everywhere. These are open for sale anywhere in the world. I have not asked for any blueprints or documents of your strategies. *(Interruptions)*

SHRI SHANTARAM NAIK: But Pakistan will come to know of it.

SHRI V. KISHORE CHANDRA S. DEO: I do not need a certificate from this gentleman sitting over here. I have also been elected by people of this country, on my own, not by holding on to the coat tails of somebody else. I do not have to learn lessons of patriotism from him.

SHRI TARUN KANTI GHOSH (Barasat): Why are you getting angry ?

SHRI V. KISHORE CHANDRA S. DEO: You ask your people to behave properly.

THE MINISTER OF STATE IN THE DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLIES IN THE MINISTRY OF DEFENCE (SHRI SHIVRAJ V. PATIL): I hope you will withdraw those two lines.

SHRI V. KISHORE CHANDRA S. DEO: If there is anything objectionable, I withdraw, Mr. Deputy-Speaker. I am sorry.

Mr. Deputy Speaker Sir, several questions that were raised remain unanswered. The Committee has eventually come to the conclusion that no money was paid to any non-resident Indian or Indian without finding out who the recipients were. If you could not find out the names of the recipients or the recipient companies, how then the Committee could emphatically state that no Indians were involved. Though my colleague Shri Jaipal Reddy, who initiated the debate, is not present, now, certain reference were made to him. The hon. Minister Shri Shiv Shanker and later on Shri H. K. L. Bhagat referred to something what he had said and said that he had made innuendoes and charges without any substance especially with respect to Walter Vinci. I would like to know from the hon. Defence Minister in his reply, specifically whether or not the ammunition for this is being brought through one company Turin in Italy and whether or not Vinci is a Director or some important functionary in the said company.

I would further like to say that it was only the super charged ammunition and not the general ammunition of this Bofors

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gun which ultimately covered the distance of thirty kilo metres that was required by our Army. What was the loss or damage that could have been caused to our exchequer by way of paying for this super charged ammunition as against the general ammunition, which is normally used? This was not one of the factors into which the committee went into. I say this because I also suspect large commissions on the purchase of ammunition and spare parts, whose total amount is quite a substantial amount in this deal.

Mr. Shiv Shanker, while he was speaking, said that the Prime Minister had got up in this House and said that neither he nor his family members were involved in this. None of us said that the Prime Minister or his family members were involved in this. But when he said it, I would like to ask further question, whether his definition of *family* includes *in-laws* also. No social or legal definition of *family* includes that. I want this to be made clear.

I am sorry to say that this report has denigrated the dignity and prestige of this House, which has been nourished and built over the years by our predecessors like Pandit Nehru and several others. It is unfortunate that we are discussing this kind of report on the floor of this House. Whatever they may say Sir, ...  
(Interruptions)

SHRI SHIVRAJ V. PATIL: Let us not be personal. Let us not mention families and all that. This is not necessary for this.

SHRI V. KISHORE CHANDRA S. DEO: This has come from your side also.

SHRI SHIVRAJ V. PATIL: Really not necessary.

SHRI V. KISHORE CHANDRA S. DEO: Mr. Deputy-Speaker, Sir, time and again, they have asked, "has the opposition been able to give an evidence?" I would like to say that it was not really we who bought the guns. We did not sell them either.

None of us were commission agents. Finally the Committee that you have appointed was not on the basis of what we asked, but on the basis of the report of the National Audit Bureau of Sweden. All the transactions were done abroad and you expect us to produce documentary evidence from up our sleeves. The Opposition was not able to do it. What did your investigating agency do? Therefore, let us not try to fool ourselves or live in a fool's paradise. If not today, ultimately the truth will come out. We will continue to raise this issue and fight out, always including it politically to see the truth comes out.

MR. DEPUTY-SPEAKER: Shri Haroobhai Mehta.

(Interruptions)

SHRI SHIVRAJ V. PATIL: Reference to family members should be removed.  
(Interruptions)

SHRI V. SOBHANADREESWARA RAO (Vijayawada): As per the new definition of *immediate family*, *in-laws* also come under that

(Interruptions)

MR. DEPUTY-SPEAKER: Why you say *in-laws*, you are particularly mentioning certain people. You can say generally family members. Therefore that word need not be used.

(Interruptions)

SHRI V. KISHORE CHANDRA S. DEO: What?

MR. DEPUTY-SPEAKER: *In-laws* and like that.

SHRI V. KISHORE CHANDRA S. DEO: It is not unparliamentary. I just wanted a clarification. (Interruptions)

MR. DEPUTY-SPEAKER: That is not necessary.

(Interruptions)

673 *Disc. re: Report  
of the J.C.*

VAISAKHA 14, 1910 (SAKA)

*to enquire into 674  
Bofors Contract*

SHRI M. RAGHUMA REDDY  
(Nalgonda): Mr. Deputy-Speaker, Sir, there  
is no quorum.

MR. DEPUTY-SPEAKER: The House  
stands adjourned to meet tomorrow at 11  
A.M.

MR. DEPUTY-SPEAKER: Let the quorum  
bell be rung → First time the bell is over.  
Second time the bell is being rung. There is  
no quorum. The Minister will reply  
tomorrow....

20.02 hrs.

*The Lok Sabha then adjourned till Eleven  
of the Clock on Thursday, May 5, 1988  
Vaisakha 15, 1910 (Saka).*

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*(Interruptions)*