

[Shri Sharad Dighe]
October is not only a lean season so far as oil is concerned by it is a period of festivals. Maharashtra is, therefore, likely to experience difficulties during these months. Government of India should, therefore, increase the allocation of Palmolein oil during this period by 20,000 M. Ts. per month from August 1987 for Maharashtra State.

(viii) Need to reconsider the jurisdiction of new Sambalpur Railway Division

SHRI SRIBALLAV PANIGRAHI (Deogarh): The Railway Authority has decided that the proposed Sambalpur Division will comprise Jharasuguda-Balangir, Balangir-Titilagarh, Titilagarh-Rayagada and titilagarh-Raipur sections of South-Eastern Railway and Sambalpur-Talcher new line under construction. Besides all these, the section from Bandomunda to Himgir spread over Sambalpur and Sundergarh districts in Orissa on the Bombay-Howrah line should, in all fairness, come under the jurisdiction of the new Sambalpur Division. The exclusion of this section on the plea of feasibility is far from convincing. A spot visit by the top Railway Authority will bring home the genuineness of this popular demand. I would request the concerned Railway Authority to reconsider the matter from a practical and sympathetic view-point so as to include the Bandomunda-Himgir section of Bombay-Howrah line in the jurisdiction of the Sambalpur Railway Division.

12.40 hrs.

MOTION RE APPOINTMENT OF A JOINT COMMITTEE TO ENQUIRE INTO THE ISSUES ARISING FROM THE REPORT OF SWEDISH NATIONAL AUDIT BUREAU ON THE BOFORS CONTRACT. *CONTD.*

[English]

MR. DEPUTY SPEAKER: Now, we will take further consideration of the motion

moved by Shri K. C. Pant on the 29th July, 1987.

THE MINISTER OF DEFENCE (SHRI K. C. PANT): Sir, I have already moved the motion standing in my name. Hon. Members are aware of the discussions which took place in this House, during the preceding Session, in regard to the allegations of payment of commission in the purchase of 155 mm guns from Bofors of Sweden. In view of the developments in the intervening period it appears useful to recount the sequence of events, particularly those in the recent past.

As the hon. Members will recall, the allegations of improper payments made by Bofors, based on the broadcast by the Swedish National Radio Company, were disclosed in our press on April 17, 1987. As all precautions had been taken to ensure against the involvement of middlemen in the negotiations with Bofors and assurances also obtained from the latter, Government denied these allegations the same day in the press. Simultaneously, we conveyed to Parliament the Government's resolve to secure the full facts in regard to the allegations. Even though April 17 to 20, 1987 were Easter Holidays in Sweden, even conceivable effort was made to contact the highest echelons in the Swedish Government during their holidays period. Based on the information gathered, I had made a statement in this hon. House on the first available opportunity, i.e. on Monday the 20th April, 1987. In the statement made in this House, as well as in the Rajya Sabha, we had explained the measures taken to prevent the involvement of middlemen in the Bofor's negotiations. In pursuance of these statements, Government has been making vigorous efforts to uncover the whole truth.

On April 20, 1987, Shri Oza, our Ambassador in Stockholm, met the representatives of Bofors and sought full clarifications about the allegations. He pursued similar enquiries with the Swedish Foreign Office, on April 21, 1987 and *inter alia*, requested them also to use their good offices with Bofors to persuade Bofors to convey to us the entire

details sought by us. On April 22, 1987, he personally met the acting Chief of the Swedish National Radio Company and tried to secure their co-operation in obtaining any evidence which was in the possession of the Company. On the same day, he again pressed Bofors to furnish complete information in the matter. It will thus be noticed that intense and immediate efforts were made to obtain the fullest information about these allegations from all possible quarters.

It was as a result of the Government of India's insistence that the Swedish Government decided to refer the entire matter to the Swedish National Audit Bureau for an audit review of certain transactions made by Bofors in connection with our contract. This decision of the Swedish Government was immediately conveyed by me to this hon. House through my statement of April 29, 1987.

A copy of the Report of the Swedish National Audit Bureau was received by the Government of India, through the Swedish Embassy in New Delhi, on June 4, 1987. This Report was considered by the Government on the same day, and also released for publication to the media. It was observed that, before forwarding the Swedish National Audit Bureau Report to us, the Swedish Government had excised certain crucial portion of the Report.

It would perhaps be best if, for the benefit of the House, I quote from the Report itself:

"The observations of the National Audit Bureau are in summary as follows

- that an agreement exists between AB Bofors and concerning the settlement of commission subsequently to the FH 77 deal, and

- that considerable amounts have been paid subsequently to, among others, AB Bors' previous agents in India.

"The National Audit Bureau hereby

submits this Report and the material on which it is based to the Government and, by doing so, has completed what it was charged to do."

The Swedish National Audit Bureau also examined the representatives of Bofors and the picture conveyed to the Bureau by these representatives has been summarised in the Report in the following words:

" - That there are no agreements on commission

- That local contacts have been used but that these had been wound up before the negotiations were concluded.

- That the costs of this assistance ("winding up costs") amounted to 2-3 per cent of the order sum, that is SEK 170-250 million and that the final payment was made during 1986. 3 payments of commission specified in the media (the Swedish Radio Company, Eko-redaktionen, 16 April, 1987). It was reportedly a matter of "Three part-payments made in the middle of November, 1986 of a total of SEK 29.5 million, and a fourth payment of SEK 2.5 million made in December."

Two facts emerge from a careful study of the Report of the Swedish National Audit Bureau. These are, firstly, that sizable payments were made by Bofors and, secondly, that these payments were made in 1986. It would also be seen that the most crucial portion of the Report, which contains particulars of the recipients of the amounts paid by Bofors, have not been disclosed to us. The reasons for withholding this information are contained in the forwarding note of the Swedish Government, which I quote:

"The details in the report are essentially based on the information that the National Audit Bureau has obtained from the Bank of Sweden. The Bank of Sweden has made this information available to the Audit on con-

[Shri K.C. Pant]

dition that it be classified for secrecy. These parts of the report may therefore not be made public."

Immediately on its receipt, the Report was discussed with the leaders of Opposition parties. Further, the Government decided to request the hon. Speaker of this House as well as the Chairman of the Rajya Sabha to set up a Joint Parliamentary Committee to enquire into and establish the identities of the persons who received the payments. The Minister for Parliamentary Affairs addressed the hon. Speaker and the hon. Chairman accordingly on June 11, 1987.

Government did not allow the matter to rest there. The Swedish Government was addressed on June 17, 1987, through the Swedish Embassy in New Delhi to urgently furnish us with complete information in regard to the excised portion of the Report of the Swedish National Audit Bureau, after such further investigation as may appear necessary. Our Ambassador in Sweden also pursued this matter with Mr. Aberg in the Swedish Foreign Office on June 22, 1987.

We also addressed Bofors on June 16, 1987. Observing that they had violated their assurances to the Government of India, conveyed both directly as well as through the late Mr. Palme, we called upon Bofors to furnish us, within a fortnight, full information in respect of:

- (i) The precise amounts which have been paid and the amounts which are due to be paid by Bofors by way of commission, secret payments, etc. in connection with the Indian contracts;
- (ii) The recipients of such amounts, whether they be persons or companies and in the case of the latter, their proprietors/presidents/directors and place of incorporation;
- (iii) The services rendered by such

persons/companies with reference to which such amounts have been paid;

(iv) Copies of contracts, agreements and correspondence between Bofors and such recipients; and

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

Bofors' reply, received by the Ministry of Defence On July 3, 1987, denied the payment of bribes or the use of middlemen to win the contract. It also asserted that the company were forced to terminate long standing international cooperations and to reorganise their marketing organisation to fulfil Government of India's requirement that no middlemen shall be involved. However, to terminate their earlier arrangements, winding up costs were paid in accordance with their normal practice. Bofors have further stated that these payments have not influenced the price of the contract.

It would be seen that while the questions raised in our letter of June 16, 1987 were specific, the Bofors' reply thereto is general. It does not disclose the crucial information about the recipients of the payments and the services rendered by them. Mr. Bredin, the Vice-President of the Company, who delivered the Bofors' reply, on July 3, 1987, reiterated the need of his employers to maintain commercial confidentiality. When questioned, he was unable to give a definite indication whether his superiors would be willing to disclose the relevant information needed by the Government of India, during a personal dialogue. The pros and cons of such a dialogue at a level higher than that of Mr. Bredin were carefully considered by the Government. Keeping in view the fact that a joint Parliamentary Committee was proposed to be set up to investigate the matter, it was decided that it would be useful and appropriate to require of Bofors to furnish through a written reply the entire information already asked for. Bofors were therefore, addressed a fresh on July 16, 1987, and once again asked to furnish specific replies to the questions already put to them, earlier.

Bofors have since sent an interim reply requesting for more time to be able to carefully study our letter and furnish answers.

As regards the terms of reference of the joint Parliamentary Committee, while formulating the approach contained in the Motion before us, we have duly considered the suggestions made in the matter by the Leaders of the Opposition Parties to the Prime Minister. There are two variations of substance in the terms of reference of the Joint Parliamentary Committee, as proposed by the Opposition and those contained in the Motion.

The first difference relates to the Opposition's desire that all aspects of the policy, procedures and decisions in regard to the defence procurements of equipments, stores and ancillaries, since January, 1980, be examined by the Joint Parliamentary Committee. In other words, the suggestion is to review all defence contracts concluded in the past 7 years and more. In this context, it is more essential for the hon.'ble Members, regardless of political affiliations, to appreciate that effective defence preparedness inevitably entails the modernisation of the Defence Forces. Modernisation is a dynamic process and in turn, requires the timely finalisation of purchase contracts to ensure deliveries within envisaged schedules. This was true not only in 1980 but earlier as well, for instance when the jaguars were contracted, or in 1979 when the requirement for the 155 mm weapons system was first recognised, and will continue to be so in the future also. Any arbitrary selection of date, whether it be 1980 or 1977 is, therefore, liable to be politically suspect. A roving enquiry will have an adverse impact on the morale of the Defence Forces and thereby endanger defence preparedness. This cannot be allowed to happen as the preservation of our integrity is a national imperative of the highest order.

The second difference relates to the wish of the leaders of the Opposition that the Joint Parliamentary Committee should also examine the allegation in regard to the payment of commission in the purchase of

submarines from West Germany. In this context, it seems necessary to reiterate, what has been stated earlier in this House, that as per the directions of the then Raksha Mantri, Shri V. P. Singh, the Ministry of Finance was asked to have the allegations enquired into by the Directorate of Enforcement and the Central Board of Direct Taxes. Besides, the Economic Intelligence Bureau was also asked to carry out a systematic study of the *modus operandi* of agents, Indian and foreign. Subsequently, the Government of the Federal Republic of Germany were addressed, on June 12, 1987, to supply complete details regarding the alleged payment of commission. Also, on June 27, 1987, HDW of FRG were called upon to furnish full information regarding the agents involved, commissions paid, for what services, etc.

While the investigations by the various concerned agencies of the Ministry of Finance are still under way, HDW have, through their reply received by the Ministry of Defence on July 21, 1987, stated that the information conveyed to the Government of India is incorrect and possibly the result of a misunderstanding. The Company has further stated that the negotiations in respect of the contract with the Government of India were held directly between the Indian Government and the HDW and West German Government without any Indian agent being engaged. It is to be observed that the contract for supply of two submarines and two material packages already stands substantially executed, the two submarines having joined the Indian Navy on September 22 and November 20, 1986. The other two submarines are under construction in Mazagon Dock.

It requires to be emphasised that in the case of Bofors, as soon as it was established that a *prima facie* case exists, Government immediately decided to refer the matter to a Parliamentary probe. In the case of the submarines, however, investigations are still going on. No tangible gain would, therefore accrue by entrusting the allegation in this case also to the Joint Parliamentary Committee. When the investigations are

[Shri K.C. Pant]
completed, we will naturally inform the Parliament.

It would be observed that the terms of reference contained in the Motion have the merit of concentrating on the issues emerging from the Report of the Swedish National Audit Bureau and saving the Committee from an unrewarding and unfocussed exercise.

Let me also say that while the proposed Joint Parliamentary Committee shall function within the time-honoured Rules of Business governing the functioning of Parliamentary Committees and the directions that the hon. Speaker may give, from time to time, for regulating the procedure and organisation of the work of the Committee, Government shall provide full support and assistance in regard to all matters relevant to the inquiry.

In conclusion, I would like to point out that this Joint Parliamentary Committee would perhaps be the first investigative Committee of its kind in our Parliamentary history. Its establishment reflects the unanimous wish of Parliament and of all political parties that the full facts of the payments by Bofors need to be ascertained and placed before the country. I sincerely hope, therefore, that this Motion would be adopted unanimously.

MR. DEPUTY SPEAKER: Motion moved:

"That a Joint Committee of both the House consisting of 21 members, 14 from Lok Sabha and 7 from Rajya Sabha, be elected in accordance with the system of proportional representation by means of the single transferable vote and the voting at such election shall be by secret ballot, to enquire into the following issues arising from the Report of the Swedish National Audit Bureau on the Bofors contract:

- (i) to inquire into and establish the identity of the persons/agencies/firms who received payments

of the following amounts:

- (a) SEK 170-250 million;
- (b) SEK 29.5 million; and
- (c) SEK 2.5 million;

from M/s Bofors in connection with their contract to supply 155 mm Howitzer guns and associated equipments to India (as referred to in the Report of the Swedish National Audit Bureau, received by the Government of India on June 4, 1987.

- (ii) to inquire into and determine the Indian laws, rules and regulations which were violated by the concerned persons/agencies/firms by receiving the payments referred to in (i) above;

- (iii) to make suitable recommendations, based on the findings on (i) and (ii) above.

2. That the Joint Committee shall make a report to this House by the last day of the first week of the next Session of Parliament.

3. That the Rules of Procedure of this House relating to Parliamentary Committees shall apply with such variations and modifications as the Speaker may make.

4. That this House recommends to Rajya Sabha that the Rajya Sabha do join the Committee and communicate to this House the names of the members elected from amongst the members of the Rajya Sabha to the Committee as mentioned above."

SHRI SOMNATH CHATTERJEE
(Bolpur): I beg to move:

That for the original motion, the following be substituted, namely:—

"That this House resolves that a Joint Committee of the House be appointed consisting of 30 Members, 20 from this House as may be elected and 10 from Rajya Sabha

as may be elected by the said House:

(a) to examine the Government policy and decisions in relation to purchase and procurement of Defence equipment, stores and ancillaries since January, 1980, and procedures laid down, from time to time, for purchase of such equipments and stores in pursuance of GSR (General Staff Requirements):

(b) to enquire into and investigate the payment of commissions and any other illegal payments to certain persons and agencies by the Swedish Firm, Bofors, for securing the contract for the supply of Howitzers 155 MM Guns and other Defence equipment to Government, in the context of the announcement made by the Swedish Broadcasting Company and the enquiry Report of the National Audit Bureau of Sweden;

(c) to enquire into the alleged payment of commissions in the purchase of West German submarines by Government, as mentioned in the statement made on the floor of this House by the Minister for Defence; and

(d) for enquire into all matters incidental and consequential thereto.

2. That this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of ten Members to be appointed by the Rajya Sabha to the Joint Committee.

3. That Prof. Madhu Dandavate be appointed Chairman of the Committee. The Chairman will have the power to choose a Secretary and other members of the staff from among the Lok Sabha/Rajya Sabha in consultation with the Secretary-General of the respective Houses.

4. That the quoram of the Committee shall be one-third of the total strength of the Committee.

5. (a) That the Committee shall have power to hear and/or to receive evidence, oral or documentary, connected with the matters referred to the Committee or relevant to the subject matter of the enquiry and it shall be in the discretion of the Committee to treat any evidence tendered before it as secret or confidential;

(b) That the Committee shall have power to hear and/or receive evidence from any foreign national or companies or any other agencies including the Governments and for this purpose visit any foreign country; and

(c) That the Committee shall have power to summon any person, including a Minister, for oral examination and call for the production of any document relevant for the purpose of the enquiry.

6. That the Government shall render such assistance to the Committee as may be required by the Committee for the purpose of this enquiry, including production of files, papers and other documents, notwithstanding the Official Secrets Act:

7. That the Comptroller and Auditor General of India, the Attorney General and all investigating agencies of the Government of India shall render such assistance to the Committee as may be required by the Committee for the purpose of this enquiry.

8. That the Committee shall make a report to this House by the first day of the Budget Session of 1988 of this House. (1)

SHRI DINESH GOSWAMI (Guwahati): I beg to move:

That for the original motion, the following be substituted, namely:—

“That this House resolves that a Joint Committee of both the Houses be constituted to —

[Shri Dinesh Goswami]

(a) enquire into all aspects of the deal relating to the purchase of guns from the company known as Bofors including the question of employment of middleman by Bofors for the deal and the procedure of purchase and quality of the guns;

(b) enquire into all aspects of the purchase of West German sub-marines;

(c) enquire into the various aspects of the engagement of the company known as Fairfax;

(d) all matters incidental to above.

2. That the Committee will consist of 15 members from Lok Sabha, 8 from the ruling party, and 7 from the opposition parties to be nominated by the Speaker in Consultation with the Leader of the House and the Leaders of the opposition parties, respectively.

3. That following the convention of the P. A. C., the Chairman of the Committee will be from the opposition.

4. That the Committee will have all powers of a Parliamentary Committee including summoning of witnesses and calling for the documents. The Committee shall have power also to ask for the members of Council of Ministers to appear before the Committee.

5. That the Committee will have the power to ask for assistance in the probe by the Attorney General of India, the Comptroller and Auditor General of India and the other Governmental agencies including intelligence and investigating agencies.

6. That one-third of members will constitute quorum.

7. That the Joint Committee shall submit its report to the House by the last week of the Winter Session.

8. That this House recommends to Rajya Sabha that the Rajya Sabha do joint the Committee and nominate 7 members to the Committee in accordance with the procedure that the House may decide and communicate the names of the members so nominated to this House." (2)

SHRI C. MADHAV REDDY (Adilabad): I beg to move:

That for the original motion the following be substituted namely:—

"That this House resolves that Joint Committee of the House be appointed in consultation with the leaders of the various political parties consisting of 30 Members, 20 from this House and 10 from Rajya Sabha:

(a) to examine the Government policy and decisions in relation to purchase and procurement of Defence equipment, stores and ancillaries since January 1980, and procedures laid down, from time to time for purchase of such equipments and stores in pursuance of GSR (General Staff Requirements);

(b) to enquire into and investigate the payment of commissions and any other illegal payments to certain persons and agencies by the Swedish Firm Bofors, for securing the contract for the supply of Howitzers 155 MM Guns and other Defence equipment to Government, in the context of the announcement made by the Swedish Broadcasting company and the enquiry Report of the National Audit Bureau of Sweden;

(c) to enquire into the alleged payment of commissions in the purchase of West German submarines by Government, as mentioned in the statement made on the floor of this House by the Minis-

ter for Defence; and

(d) to enquire into all matters incidental and consequential thereto.

2. "That this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of ten Members to be appointed by Rajya Sabha to the Joint Committee.

3. (a) That the Committee shall have power to hear and/or to receive evidence, oral or documentary, connected with the matters referred to the committee or relevant to the subject matter of the enquiry and it shall be in the discretion of the Committee to treat any evidence tendered before it as secret or confidential;

(b) That the Committee shall have power to hear and/or receive evidence from any foreign national or companies or any other agencies including the Government and for this purpose visit any foreign country;

(c) That the Committee shall have power to summon any person, including a Minister, for oral examination and call for the production of any document relevant for the purpose of the enquiry.

4. That the Government shall render such assistance to the Committee as may be required by the Committee for the purpose of this enquiry, including production of files, papers and other documents, notwithstanding the Official Secrets Act.

5. That the Comptroller and Auditor General of India, the Attorney General and all investigating agencies of the Government of India shall render such assistance to the Committee as may be required by the Committee for the purpose of this enquiry.

6. That the Committee shall make a report to this House by the last day of the first

week of the next session of this House" (3)

SHRI K. P. UNNIKRIISHNAN
(Badagara): I beg to move:

That for the original motion, the following be substituted, namely:—

"That this House resolves to constitute a Joint Committee of both Houses of Parliament consisting of 30 members, 21 from Lok Sabha and 9 from the Rajya Sabha, to enquire into the following matters of grave public importance and to submit to the House for its consideration, a report with such part of the evidence as the Committee thinks fit to be made public appended thereto, and particularly:

(i) Government policy and procedures laid down in relation to purchase and procurement of Defence equipment, stores and ancillaries since January, 1980 and subsequent amendments since December, 1984, if any, for purchase of such equipment and stores in pursuance of GSR (General Staff Requirements);

(ii) Agency arrangements of leading international manufacturers and suppliers of Defence equipment and stores in important areas of purchase since January, 1980 and nature of services performed by them and commissions, allowances and retainers received by such agents and their relationship with Government of India;

(iii) Procedure adopted for selection of 155mm HOWITZER System, sub-systems and ammunition and its procurement and details of such bids and proposals, its technical and commercial evaluation including field trials and negotiations and nature of involvement of the Governments of manufacturing countries and

[Shri K.P. Unnikrishnan]

companies, as on January, 1986 and final mode of selection adopted, conditions imposed or guarantees sought from manufacturers/ suppliers;

(iv) Agreement entered into with Messrs Bofors AB of Sweden, mode of payments adopted by Government of India first field trials and scrutiny, if any, after arrival of shipment and procedures adopted to rectify these including despatch of technical evaluation team to Sweden and the report of their discussions;

(v) Report of the National Audit Bureau of Sweden received by the Government of India on June 4, 1987;

(vi) Efforts made by Government of India to enquire into and establish identity of persons' agencies, firms of Indian or non-Indian origin who received payments as referred to in the Report of the National Audit Bureau of Sweden; and

(vii) To determine whether such payments have violated existing laws, rules and regulations of India and to make suitable recommendations for the consideration of the House.

2. That the Rules of Procedures of this House relating to the Parliamentary Committees shall apply with such variations and modifications as the Speaker may make.

3. That the Speaker may nominate 21 members from the House in consultation with the Leader of the House and the Opposition Parties and Groups.

4. The Committee shall have the right to send for papers and records and investi-

gate the issues referred to it as over Rule 269 of the Rules of Procedure and the Government also to request the Comptroller and Auditor General of India and the Attorney General of India to provide such assistance as may be required by the Committee.

5. That the Government may place at the disposal of the Committee assistance of the Central Bureau of Investigation or any other investigative agency as the case may be.

6. That the Joint Committee shall submit its report to this House by the last day of the Winter Session of Parliament for its consideration and discussion.

7. That this House do recommend to Rajya Sabha that the Rajya Sabha do join the Committee and communicate to this House the names of members nominated or elected to the Committee as mentioned above." (4)

SHRI INDRAJIT GUPTA (Basirhat): I beg to move:

That for the original motion, the following be substituted, namely:—

"That this House resolves that a Joint Committee of the House be appointed consisting of 30 members, 20 from this House as may be elected and 10 from Rajya Sabha as may be elected by the said House:

(a) to examine the Government policy and decisions in relation to purchase and procurement of Defence equipment, stores and ancillaries since January, 1980 and procedure laid down from time to time for purchase of such equipment and stores in pursuance or GSR (General Staff Requirements);

(b) to examine whether the purchase of Howitzer 155 MM Guns from the Swedish firm Bofors was

in conformity or not with the above mentioned policies and decisions;

(c) to enquire into and investigate the payment of commissions and any other illegal payments to certain persons and agencies by the Swedish firm Bofors for securing the contract for the supply of Howitzers 155 MM Guns and other Defence equipment to Government in the context of the announcement made by the Swedish Broadcasting Company and the enquiry Report of the National Audit Bureau of Sweden;

(d) to enquire into the alleged payment of commissions in the purchase of West German submarines by Government as mentioned in the statement made on the floor of this House by the Minister of Defence; and

(e) to enquire into all matters incidental and consequential thereto.

2. That this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate this House the names of ten Members to be appointed by the Rajya Sabha to the Joint Committee.

3. That like the P. A. C., the Chairman of the Committee will be from the opposition.

4. (a) That the Committee shall have power to hear and/or to receive evidence, oral or documentary, connected with the matters referred to the Committee or relevant to the subject matter of the enquiry and it shall be in the discretion of the Committee to treat any evidence tendered before it as secret or confidential;

(b) That the Committee shall have power to hear and/or receive evidence from any foreign national or companies or any other agencies

including the Governments and for this purpose visit any foreign country; and

(c) That the Committee shall have power to summon any person, including a Minister, for oral examination and call for the production of any document relevant for the purpose of the enquiry.

5. That the Government shall render such assistance to the Committee as may be required by the Committee for the purpose of the enquiry including production of files, papers and other documents notwithstanding the Official secrets Act.

6. That the Comptroller and Auditor General of India, the Attorney General and all investigating agencies of the Government of India shall render such assistance to the Committee as may be required by the Committee for the purpose of this enquiry.

7. That the Committee shall make a report to this House by the last day of the second week of the next Session of this House." (5)

SHRI C. JANGA REDDY (Hanamkonda): beg to move:

That for the original motion, the following be substituted, namely:—

"That this House resolves to constitute a Joint Committee of both Houses of Parliament consisting of 21 members, 14 from Lok Sabha and 7 from the Rajya Sabha, to enquire into the following matters of grave public importance and to submit to the House for its consideration, a report with such part of the evidence as the Committee thinks fit to be made public appended thereto, and particularly:

(i) Government policy and procedures laid down in relation to purchase and procurement of Defence equipment, stores and ancil-

[C. Janga Reddy]

aries since January, 1980 and subsequent amendments since December 1984, if any, for purchase of such equipment and stores in pursuance of GSR (General Staff Requirements);

(ii) Agency arrangements of leading international manufacturers and suppliers of Defence equipment and stores in important areas of purchase since January, 1980 and nature of services performed by them and commissions, allowances and retainers received by such agents and their relationship with Government of India;

(iii) Procedure adopted for selection of 155 mm HOWITZER System, sub-systems and ammunition and vehicles and its procurement and details of such bids and proposals, its technical and commercial evaluation including field trials and negotiations and nature of involvement of the Governments of manufacturing countries and companies as on January 1986 and final mode of selection adopted, conditions imposed or guarantees sought from manufacturers/ suppliers;

(iv) Agreement entered into with Messrs Bofors AB Sweden, mode of payments adopted by Government of India, first field trials and scrutiny, if any, after arrival of shipment and procedures adopted to rectify these including despatch of technical evaluation team to Sweden and the report of their discussions;

(v) Report of the National Audit Bureau of Sweden received by the Government of India on June 4, 1987;

(vi) Efforts made by Government of India to enquire into and estab-

lish identity of persons/agencies, firms of Indian or non-Indian origin who received payments in the context of the announcement made by Swedish Broadcasting Company and the Report of the National Audit Bureau of Sweden;

(vii) To determine whether such payments have violated existing laws, rules and regulations of India and to make suitable recommendations for the consideration of the House:

(viii) To enquire into the alleged payment of commissions in the purchase of West German submarines by Government; and

(ix) To enquire into all matters incidental and consequential thereto.

2. That the Rules of Procedure of this House relating to the Parliamentary Committees shall apply with such variations and modifications as the Speaker may make.

3. That the Speaker may nominate 14 members from the House in consultation with the Leader of the House and the Opposition Parties and Groups so that the Committee consists of 7 members from the ruling party and 7 from the Opposition parties.

4. Following the convention of the P. A. C., the Chairman of the Committee will be from the Opposition to be nominated by the Speaker in consultation with the Opposition leaders.

5. The Committee shall have the powers to send for any papers and records and investigate the issues referred to it as per rule 269 of the Rules of Procedure and the Government also to request the Comptroller and Auditor General of India and the Attorney General of India to provide such assistance as may be required by the Committee.

6. That the Government may place at the disposal of the Committee assistance of the Central Bureau of Investigation or other investigative and intelligence agencies as the case may be.

7. That the Joint Committee shall submit its report to this House by the last day of the First week of Winter Session of Parliament for its consideration and discussion.

8. That this House do recommend to Rajya Sabha that the Rajya Sabha do join the committee and communicate to this House the names of members nominated or elected to the Committee as mentioned above.

9. That Committee shall have power to ask for the members of Council of Ministers and also ex-Ministers to appear before the Committee.

10. That the Committee shall have power to hear and/or receive evidence from any foreign national or companies or any other agencies including the Governments and for this purpose visit any foreign country." (6)

SHRI BASUDEB ACHARIA (Bankura): My amendments are also there.

MR. DEPUTY SPEAKER: One of you can move. Can we now adjourn for lunch and re-assemble at 2 o'clock; or will you just initiate the discussion and then we can re-assemble? There is one minute still left.

SHRI C. MADHAV REDDI (Adilabad): Before I initiate the discussion, I want 1 or 2 clarifications from the Minister of Defence.

We have given a letter to the Prime Minister on the 24th of June regarding certain suggestions to be incorporated; and we find from his motion that that he only referred to certain i.e. 1 or 2 points, and the rest of the points he has not referred to. We would like to know what is the actual position today. Is the Government going to reconsider the whole set of our proposals?

MR. DEPUTY SPEAKER: In your speech you can rise these things.

SHRI C. MADHAV REDDI: No; we would like to know what is the position of the Government with regard to composition and other things.

MR. DEPUTY SPEAKER: Mr. Madhav Reddi, even in your speech you can raise all these points. Let him answer them. (*Interruptions*)

13.00 hrs.

SHRI INDRAJIT GUPTA: He had made some points regarding the terms of reference to which he has given his reply. But there were so many other points about the composition of the Committee, size of the Committee to which he has said nothing.

MR. DEPUTY SPEAKER: While speaking you can raise all those points and the Minister will answer them in his reply.

SHRI BASUDEB ACHARIA: First he should clarify that.

MR. DEPUTY SPEAKER: No, no.

(*Interruptions*)

SHRI BASUDEB ACHARIA: Yes.

MR. DEPUTY SPEAKER: The House stands adjourned for lunch to meet at 2 P. M.

13.01 hrs

*The Lok Sabha adjourned for lunch till
Fourteen of the Clock*

*The Lok Sabha Reassembled after Lunch
at Two Minutes past Fourteen of the Clock*

[MR. DEPUTY SPEAKER *in the Chair*]

MOTION RE. APPOINTMENT OF A JOINT COMMITTEE TO ENQUIRE INTO THE ISSUES ARISING FROM THE REPORT OF SWEDISH NATIONAL AUDIT BUREAU ON THE BOFORS CONTRACT *CONTD.*

[*English*]

SHRI C. MADHAV REDDI (Adilabad): Mr. Deputy-Speaker, I rise to oppose this

[Shri C. Madhav Reddi]

Motion for the Appointment of a Joint Committee to go into the various aspects mentioned in the Report of the National Audit Bureau of Sweden in regard to the Bofors deal. I am not opposing this, the concept of the appointment of a Joint Committee, because it is we, the Opposition, who demanded the appointment of such a Committee in April last.

Sir, much water had flowed beneath the bridge in the Yamuna since we first demanded the appointment of a committee. At that time the hon. Minister and the Prime Minister had taken the view that "there is nothing here, there are no payments, no middlemen, nothing has happened, and the allegations made by the National Broadcasting Company of Sweden is only a tissue of lies." The Government further said, "it is mischievous, it is baseless and it is a part of a design to de-stabilise the country." (*Interruptions*) It is at that time that we said

(*Interruptions*)

SHRI MURLI DEORA (Bombay South):
'Do not disturb him' — I said.

SHRI C. MADHAV REDDI: Thank you.

It is at that time that we said that there was enough smoke and there must be fire somewhere, and that was enough justification for the Government to appoint a House Committee to go into all those details. But the Government thought at that time, that there was no justification for the appointment of a committee.

Sir, the hon. Member made a few points in his speech this morning. Earlier also, in April in the last week of the session he made the same arguments. Now the question arises as to what this parliamentary committee, which is proposed in the motion, is going to achieve. He said that the parliamentary committee should go in depth and find out the names of the people whose pockets have been lined with Rs.50 crores. Whose job is this? Is it the job of the parliamentary

committee or is it the job of the Government? He has enumerated several steps taken by the Government before the report of the Audit Bureau and after the report was submitted and said that several efforts made by the Government had failed to convince Bofors to give the names of those people who received the kickbacks or commissions. Now this being the case, what does the Government expect from a House committee which even cannot visit a foreign country.

SHRI SOMNATH CHATTERJEE
(Balpur): Who said so?

SHRI C. MADHAV REDDI: The rules say so.

The opposition suggested various points to make the enquiry by the committee more effective. But now the opposition is being accused that we are putting obstructions and that we are not cooperating with the Government. Only yesterday, unfortunately, the Prime Minister, while speaking in Madras, said that he was trying to organise a debate on the floor of this House for the last one month but the opposition was not agreeing. (*Interruptions*) When asked what his reaction would be if the opposition parties boycotted the parliamentary committee on the Bofors issue, Mr. Gandhi said: "Let us see what they can do." The Government had been trying to organise a debate on the Bofors issue in Parliament for the past four weeks. But the opposition was not cooperating with the Government. It is only second week.

THE MINISTER OF DEFENCE (SHRI K. C. PANT): The way the opposition behaved in the last week. it seems like four.

SHRI C. MADHAV REDDI: Where is the non-cooperation? What he said in the first instance when we demanded the appointment of a House committee, was that actually there was no need for such a committee at that stage, that stage had passed and the situation had changed.

The report of the National Audit Bureau of Sweden is before us and that report has

proved beyond doubt that there were middlemen, that there were payments made and very substantial payments made and agreements between Bofors and the agents existed according to which payments were made. Even after the agreement was signed by the Government, till December, 1986, payments continued to be made which the hon. Minister referred to as part payments. I do not know what are the part payments. The payments had been made earlier and even upto December 1986 payments were made. Now the Government of India has brought the idea from Bofors that this payment related to the international contract the contract which existed between the Bofors and the agents. That had to be terminated and because of the termination of the contract the winding up or winding down charges had to be paid.

I do not know what is the difference between winding up and winding down. There is certainly a difference between up and down. Whether we are up or down we do not know. For contract which was cancelled, winding up charges had to be paid which amounted to more than Rs. Fifty crores. How can it be? Can anybody be convinced that the winding up charges can go up to Rs. fifty crores? And it is not one agent, there are several people to whom the payments had been made. Thus the Report has made very clear. After the Report has been received, what is the follow up action taken by the Government? That is very relevant. The hon. Minister has very painstakingly narrated various letters written to the Swedish Government, the Bofors in this deal company and several others to pursue certain course of action. I do not dispute that. But the point is who is controlling the Bofors today? Are we not the clients of Bofors? Where is the question of business confidentiality between Bofors and India? Are we not the clients? If we are the clients, the Government of India is a position to get the facts. The Government of India is the only authority which can demand information from Bofors, not even the Swedish Government. The Swedish Government may be helpless. Bofors is taking the plea of commercial

confidentiality between the clients and Bofors. The Indian Government is the client. If the Indian Government is the client, then what prevents the Government of India from declaring that we want this information to be supplied, otherwise the contract is going to be terminated, the order is going to be cancelled? Did we ever take that position? I doubt that we have ever taken that position because we do not want the contract to be terminated, we do not want the Bofors to be dragged into... (*Interruptions*). Please say whatever you want to say. I am prepared to yield... (*Interruptions*).

MR. DEPUTY SPEAKER: Order please....

(*Interruptions*)

MR. DEPUTY SPEAKER: I request the Members not to interrupt others....

(*Interruptions*)

SHRI S. JAIPAL REDDY (Mahbubnagar): Let Tewary's treatment be given to him.

MR. DEPUTY SPEAKER: Mr. Jaipal Reddy, the ruling that we have given is with regard to bringing other Member's name itself. Therefore, don't bring in Tewary's name, otherwise I may have to point out to you then.

AN HON. MEMBER: He has withdrawn from the House for the day, Sir.

(*Interruptions*)

SHRI C. MADHAV REDDI: Let us not take the name of the Member who has withdrawn from the House for the day; otherwise they will adjourn the House for the day. Sir, the whole thing revolves round one point and that is who received this payment, what is the amount and at what point of time the payment has been received? That is simple. Do you want this Committee to be placed in a situation of helplessness: the Bofors will take the same attitude as the one they have

[Shri C. Madhav Reddi]
taken towards the Government of India? When Bofors have not been sufficiently pressurised by the Government of India to place the facts before them, how are we going to force the Bofors to give this information to us? I do not understand this. Well, if we say this, you say, "You are not cooperating, you are going back on the same proposal which you have made and you do not want the Committee. That is not a correct thing. The point is that the Committee has to be appointed if the Committee has got any function. But what is the function before the Committee? The hon. Minister has said that the Opposition people wanted to enquire into various incidents and contracts right from the year 1980. Where did we say that? Mr. Minister, kindly tell us. I will produce before you the letter that we had written to the Prime Minister and tell us where did we say about this....

(Interruptions)

SHRI K. C. PANT: Substitute Motions are there, you can read them.

SHRI C. MADHAV REDDI: Well, I am not responsible for the Substitute Motions of various people.

SHRI K.C. PANT: But my point is, here is the list of motions which has been given; I have not named you in particular.

SHRI C. MADHAV REDDI: It is not a question of naming me. There are several motions. What is important is the letter that we have given you. That letter clearly says —

"The Committee shall have power to hear and/or to receive evidence, oral or documentary, connected with the matters referred to the Committee or relevant to the subject matter of the enquiry and it shall be in the discretion of the Committee to treat any evidence tendered before it as secret or confidential."

In the preamble we said —

"To examine the Government policy and decisions in relation to purchase and procurement of defence equipment, stores and ancillaries since January, 1980."

Since January 1980 what were the policies pursued? We never said we will go into the deals. The Government itself said from 1980 the policy of purchases has changed. It was said there will be no middlemen. We wanted to know what has been the policy of the Government with regard to these purchases, etc? We wanted to go into the policy matters only. (Interruptions) We wanted to go into policy aspects. But we never thought of and we never intended to go into various deals entered into from 1980 onwards. So, that is very clear (Interruptions) The point is about the terms of reference mentioned in the motion and the rules of procedure. We are of the view that the Committee will be a most ineffective Committee. What are we going to do to those who are going to appear before this Committee? All these transaction have taken place in Sweden or between the Non-resident Indians and Bofors and several others who may not be Indian Nationals. Suppose this sub-committee of this Committee wants to visit Sweden, it cannot do so. What can we do?

SOME HON. MEMBERS: Why? What bars the Committee?

SHRI C. MADHAV REDDI: I am guided by the rules and the Speaker. I have got the clarification. Unless it is mentioned in the Motion itself, it is not possible.

The hon. Minister said this morning that we wanted to include submarine deal which is not acceptable to Government. Why? We wanted to include this simply because before Shri Vishwanath Pratap Singh who sent out from the Ministry, he announced that he.. (Interruptions) He appointed an official Committee to go into this aspect. What is the fate of this official committee? My enquiries reveal that no investigations are conducted. Nobody is interested in this enquiry. Only a letter has come from Germany stating that

there were no middlemen and no payments have been made.

The recent revelations showed that about Rs. 30 crores commission was paid to the middlemen in this deal and it was found out because of certain audit reports of that company which supplied the submarines. That information was out. When it was compared with our payments it did not tally - what was the amount received from India and what is the amount we paid, there was a difference of Rs. 30 crores. Where has this Rs. 30 crores gone? It is on record and the Ministry knows this. This information is available with the Ministry of Defence. Is it not a very important matter, more serious than the Bofors? That is the reason why we wanted that this matter should also be enquired into by this Committee.

SHRI K.C. PANT: May I ask you a question, Mr. Madhav Reddy? If the Committee cannot find out the facts with regard to Bofors, by what logic the Committee will be able to find out the fact about submarines? *(Interruptions)*

SHRI C. MADHAV REDDI: In the case of Bofors, already the National Audit Bureau has confirmed this and some enquiry was made and it is an authentic report; authentic information is available. But in the case of submarines, no such authentic information is yet available and that is the reason why we want this relevant subject to be referred to this Committee. *(Interruptions)*

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION AND MINISTER OF STATE OF THE MINISTRY OF TOURISM (SHRI JAGDISH TYTLER): Even Pakistan is interested *(Interruptions)*

MR. DEPUTY-SPEAKER: Please order. Please take your seat.

(Interruptions)

SHRI C. MADHAV REDDI: Hon'ble Defence Minister mentioned that action was taken; very prompt action was taken after the

report was received. The only action which I could see was the announcement of the appointment of a House Committee. We are very thankful to you. The appointment of the House Committee was the only reaction. But what happened to Mr. Win Chadha who was the agent? Everybody knows that. It is on record. It is on record that Mr. Win Chadha had been the agent of Bofors deal. He had an agreement with Bofors which was signed in January 1986 and when the same agreement was cancelled in March 1986, just a few days - one or two days - before the actual signing of the deal with the Government of India. Now, we know this because they have mentioned that Mr. Win Chadha was the administrative consultant for booking rooms in the hotels or for typing things and other things like that. *(Interruptions)* Now he was to be paid Rs. 2 lakhs per month, till 1990. *(Interruptions)*

SHRI K.C. PANT: One lakh Kroners per month.

SHRI C. MADHAV REDDI: But the fact remains that they have identified the agent right from the beginning. The Government knew from the records that the agent had existed the agent must have something to do with the heavy payments which were made and about which the Swiss Broadcasting Company reported. Now, Sir, what action has been taken against him? What action you have taken to see that this man does not slip off from India? He was available here in India, he has the bank accounts and he had properties in India; he has a passport issued by the Government of India. What action has been taken against him? We waited and waited till he got away from the country and then we started taking action and that was when the Report of the National Audit Report came. As late as June 24, he appeared before the Indian Consulate in New York and wanted his power of attorney attested and that attestation was done in no time at all, by the Government of India, the Consulate and other Embassy officials do. Do they not know that this man was wanted in India in this connection? Why have we not taken action against him? Now, his passport is im-

[Shri C. Madhav Reddi] pounded and cancelled and his property is seized. His bank account is frozen, the bank account in which there is no money is frozen. What action have you taken? Is it not the only action that you were merely writing some letters to Bofors Company in Sweden and you thought you have taken action against him? Right from the beginning, Sir, it is very clear that there was no intention on the part of the Government of India to take effective action. This is very clear from the beginning. Why is it? Why this has happened? Who is interested in this? I don't call names. But is it not a fact that certain facts are being concealed? Why is this concealment? It is for reasons known to many, but I do not want to say anything. But my point is that no effective action was taken after the Audit Bureau's Report was presented except the announcement of the House Committee for which there was no need, only administrative action was required.

Even when you wrote to the Government of Sweden, in your letter you did not say that the Government of Sweden must pursue this case by launching a criminal prosecution against Bofors. You never said this. Why? Because bribe giving or bribe taking is a crime under the law of Sweden. The Government of Sweden could have pursued this matter as they are pursuing with Bofors in other cases, Singapore case or West Asia case. The Bofors background is bad, is questionable — that is known to everybody. No Swedish citizen will have any respect, will have anything to do with the Bofors. That is the case. And they are our suppliers and we are their honoured clients. Now, Bofors say that we are not the only clients. Bofors say: "No, no, India is not the only client, we have other clients also to whom the payment has been made. Now, since other clients are objecting the names to be disclosed, we cannot disclose these names even to India." And we have accepted this position. We have said that, 'Yes, whatever Bofors is saying we are accepting.' Sir, in the last week of June, the Bofors wanted to send a delegation. It all appeared in the press. I should like the hon. Minister to clarify this.

Their Project Coordinator came to India, he discussed these matters with the Defence Ministry and in the Ministry it was suggested that a high level delegation should visit India including the Vice-Chairman of the Chairman of the Bofors and explain all the facts to the Government of India. It was agreed to and the Swedish Government was also informed. Bofors made all arrangements to send a delegation. I am sure the delegation would not have divulged any information which the Government of India does not know already. If the Government of India already knows, I can't help it, but the point is, they wanted to come. Why is it that you did not want them to come? Why is it that after agreeing to this by the Ministry, by the then Minister, Mr. Arun Singh, after agreeing that such a delegation should visit India, why is it that immediately the Government of India changed their mind and wanted them not to come? Why? (*Interruptions*). What cat is there in the bag which you did not want to come out? Why is it that you did not want them to come? Did you want them that they should not give any secret? Do you want them that they should not visit and discuss because they might meet many others including Opposition leaders and divulge something which may cause inconvenience for the Government? There is no justification for the Government and the Government has to do a lot of explaining for refusing the delegation to come and explain things to India. Why is this being done? Now, what is the position today? What shall we do next?

Sir, the Opposition feels that there is no justification for the Bofors agreement to continue. You must take a very categorical stand. The Government must clearly say that 'we do not want this agreement to continue, we cancel this unless the names are divulged immediately.' Now, it is said that this will compromise our position, our defence security etc. etc. Already certain guns had been supplied, certain money had been paid. May be more money has been paid than what is due to them, I do not know. Even if you have to lose a few crores of rupees—10 crores or 15 crores—it does not matter. National honour is more important than some

crores of rupees. There is no justification to keep this contract and we can go to any country and the guns are readily available. They may be the best; they may not be the best. According to my information the best guns are available. (*Interruptions*).

MR. DEPUTY-SPEAKER. Please order.

SHRI C. MADHAV REDDI: If the Bofors agrees to supply the names, then I suggest, you ask Bofors that whatever amount has been paid to the middlemen—Rs. 50 crores or Rs. 60 crores—whatever paid to the middlemen, that amount should be adjusted against the price that we have to pay to the company. Then only, this contract should continue. Otherwise, it should not. Unless the Government gives clarification as to what is its position with regard to terms and conditions proposed by us, unless the Government is in a position to consider them, I am afraid, it will be difficult for the Opposition to cooperate with the Government and to be in the Committee. You have your committee. There is no objection. It is a Government Committee. Let the Government committee go into it and give a good certificate to you. But the people know about it. And the people know it and they have already given a judgement to you whether you are guilty or not. More than that, I have nothing to say.

SHRI JAGAN NATH KAUSHAL (Chandigarh): Sir,.... (*Interruptions*).

SHRI SOMNATH CHATTERJEE: You are treated almost like the Prime Minister. Advance *Thaliyan*. (*Interruptions*)

MR. DEPUTY-SPEAKER: Carry on. Please silent.

SHRI JAGAN NATH KAUSHAL: I crave the indulgence of the House that they should listen to me.

Mr. Deputy-Speaker, Sir, the hon. Member who preceded me ended his speech by saying, it has already been judged as to what has happened

SHRI BASUDEB ACHARIA: Judged by the people.

SHRI JAGAN NATH KAUSHAL: This is precisely the irresponsible attitude which is pervading (*Interruptions*)

MR. DEPUTY-SPEAKER: He is on his legs. Don't interfere. Let him speak. I will call you afterwards. You can also speak.

SHRI AMAL DATTA (Diamond Harbour): Government has admitted that there is irresponsibility. That is why, a committee has to be appointed.

MR. DEPUTY-SPEAKER: Mr. Amal Datta, I will give you an opportunity to speak. If you go on interfering when he is speaking, then you will also have the same problem. I am requesting all the Members, please cooperate in conducting the proceedings. If you go on interfering like this, then they will interfere when you speak and there will be interruptions. So, I would not allow this sort of thing.

SHRI BHAGWAT JHA AZAD (Bhagalpur): Mr. Amal Datta should be told that we should hear each other. Otherwise there will be problems later on when their speakers come.

SHRI DINESH GOSWAMI (Guwahati): I will submit to both sides of the House that in this debate, we want to make some positive contribution and let this be the practice that we would like to hit hard the Government. Let the Government hit us back hard. We do not mind. Let both the sides be heard, without any disturbance, whatsoever.

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF FOOD AND CIVIL SUPPLIES (SHRI H.K.L. BHAGAT): Sir, under the rules, every speaker has full liberty to hit the Government hard. Our Members can give a hard reply. I would like, we should try to be objective, sober and there should be no disturbance by us, no disturbance by them. Let us have the debate on arguments.

MR. DEPUTY-SPEAKER: No comments to anything.

THE MINISTER OF DEFENCE (SHRI K.C. PANT): The only qualification to this is, the Members opposite should not hit us hard physically.

SHRI SOMNATH CHATTERJEE: You are hit on the pocket.

SHRI AJIT KUMAR SAHA (Vishnupur): We should not hit below the belt.

(Interruptions)

MR. DEPUTY SPEAKER: If the Defence Ministry itself is facing problems, what about others? Shri Jagan Nath Kaushal.

(Interruptions)

SHRI JAGAN NATH KAUSHAL: I am thankful that the Members on both sides have agreed that they will not disturb when somebody is on his legs. I think that will raise the level of the debate. Otherwise, as Mr. Dinesh Goswami was saying the contribution which we want to make will be totally lacking. It is a very serious debate and, as I said, if my learned friend had not ended the speech in the manner in which he has ended, I would not have started by saying that it is an irresponsible attitude. Unfortunately, the cat is out of the bag and he says "We are not interested in finding out the truth" because they have already found out the truth; it is a wonderful situation.

(Interruptions)

PROF. MADHU DANDAVATE: It is unparliamentary laughter.

SHRI JAGAN NATH KAUSHAL: This is like saying, level an allegation and believe it, because we have been watching for quite some time and the attitude obviously is, go on levelling allegation and go on bringing that allegation again and again and then come to that well-known doctrine, go on repeating a lie and ultimately it becomes a truth.

I am very sorry to say that this attitude is ultimately not for the benefit of the nation or the country.

I am thankful to the Minister for the speech which he gave because not much arguments were given by him. He only gave us chronologically, the events which have happened. According to me, a very senior advocate had once stated "cases are not won by arguments. Let the facts speak." And I believe in this. Let us not go into arguments but let us see the facts, how they have happened.

Now, they are trying to insinuate that the Government's attitude has not been proper. Government has not been doing this, that and the other but the hon. Minister took great pains to tell us from the very beginning what has the Government been doing till date.

There are some incontrovertible facts and those incontrovertible facts are, the Prime Minister issued a direction to the Defence Ministry that we do not want any middlemen in these defence deals. Nobody disputes this. Then effort was made to tell all the competing firms that there will be no middlemen in this deal and since we were dealing with Bofors also, an additional factor came to our help and that was that a very honourable person in the form of Shri Olof Palme was here. The Prime Minister told him "We are going to enter into a deal with your country, a deal of great magnitude. Please, we want to see that there are no middlemen in this deal." He said: "I will help you. Let me find out and then I will again come back to you". He talked to the Bofors people. They agreed. They said: "Yes, it is all right. We will have a direct deal with the Government of India. There will be no middlemen". They assured us. But the Government went on persisting to say: "Please tell if there are any agents, local agents etc. for any purposes. We don't want them". This is the attitude. This is something which has now come in a big way. Bofors have said in so many words: "We had local agents. The local agents were for administrative purposes; the local agents were for the purpose of consultation etc. etc.

It was not a sales organisation. But we did have agency or local agents and the contract with the local agent was of a much earlier date." It is also established on the record that this deal was being negotiated for full 7-8 years from 1977.

Now Sir, the Bofors stand today is this: Whether we accept it or not we will investigate. But Bofors is standing firmly on this situation that the agent had nothing to do with the winning of the contract. That agent was meant only for administrative and consulting purposes.....(*Interruptions*) the Bofors says.....(*Interruptions*) I again say this. This is like levelling an allegation and accepting it. The point is that we are yet in the investigation stage. If you do not want any investigation, let it go. You do not want any investigation.....(*Interruptions*) . Therefore, my submission to the House and to the country is: let us please devise way and means to find out the truth and unless truth is found out, we, as the very hon. Members of this Parliament representing this nation, have no right to jump to conclusions with a pre-judged notion. And this is the whole difficulty because some people who have jaundice, to them everything looks yellow.

DR. DATTA SAMANT (Bombay South Central): He has already admitted.....

(*Interruptions*)

MR. DEPUTY SPEAKER: Dr. Samant, don't interrupt him.....

(*Interruptions*)

MR. DEPUTY SPEAKER: See, he is saying his viewpoint. Why are you interfering with it.

(*Interruptions*)

MR. DEPUTY SPEAKER: You cannot direct him. When your time comes, you can make your points. But you cannot direct the other member as to how he has to speak. You cannot teach so.

(*Interruptions*)

AN HON. MEMBER: It is a known fact. Everybody knows.

(*Interruptions*)

MR. DEPUTY SPEAKER: No discussion please.

SHRI JAGAN NATH KAUSHAL: Sir, I repeat that there is a positive attitude on the part of some persons that they do not want the truth to be established. (*Interruptions*)

I can say that my arguments will not be thrown overboard only because of some inter-reaction or the other. You have a right to hit us hard, as the hon. Minister has said so. You have been hitting hard. You have never spared us. But you don't have the capacity to receive it back. But you are in the Opposition. I can understand your difficulty. May I repeat it again? Now, the position is that Bofors terminated the contract of their local agents. After terminating the contract, now we may go on using any terminology. Some compensation had to be paid to them for termination of the contract because otherwise the contract was to continue.

SHRI M. RAGHUMA REDDY (Nalgonda): How much have they given?

MR. DEPUTY-SPEAKER: He is not the Minister. You cannot go on asking him.

SHRI S. JAIPAL REDDY (Mahbubnagar): He could well be the advocate for Bofors.

(*Interruptions*)

MR. DEPUTY-SPEAKER: Order, please.

SHRI JAGAN NATH KAUSHAL: Let us proceed a little further. I know, when we try to face them with facts, they want to run away from the facts. They say.....(*Interruptions*) Anyway, I will leave this argument here. Let us proceed a little further.

There was a broadcast on the Swedish

[Shri Jagan Nath Kaushal]
radio. Then what was the attitude of the Government? Again the Minister has given, us date-wise, what Government was doing from the moment that news came. The Government immediately took all possible steps to find out whether that report was correct or not. I still maintain that the Government had taken care to see that in this contract there was no middle-man, and if somebody says that there was a middle-man, we are prepared to go into it. We have been prepared to go into this from the very day this news came. I remember, from the Government side, the straightforward attitude was: we have nothing to hide; anybody who is found to have violated rules and regulations and laws of the land, howsoever high he may be, will be dealt with accordingly. This has been the attitude of the Government. And may I beg of the Opposition at least not to controvert facts? When all these things were happening, we were pursuing with the Swedish Government: "Please help us in finding out the truth". And it is through the good offices of the Swedish Government that ultimately they appointed the Audit Bureau, at our asking, at Government's asking.....(*Interruptions*) Surely at our asking. Now the only point is this. The Opposition wanted a parliamentary probe to take place when there was no tangible evidence, and at that time the Government said: only because there is some allegation somewhere, let us try to find facts. And so far as that particular agency which was responsible for giving currency to that news is concerned, their attitude was very intriguing. They said that they were going to furnish the information in a day or so, but that information they have not furnished till today. It is we who persisted with the Swedish Government: please appoint some agency to find out what has happened and the best the Swedish Government could do was, they appointed their National Audit Bureau. That report is in the hands of everybody. They tried their best to get into contact with banks, they tried their best to get into contact with Bofors, etc. etc. At some stage Bofors were trying to cooperate with them, but when they were told that the Swedish laws do not guarantee complete confidenti-

ality, they refused to cooperate. Now, in spite of all this, they have produced a report and that report was again given to the Swedish Government. Again it was told by the Bureau to the Swedish Government that according to the laws of the banks, according to the laws of the commercial confidentiality this Report which we are producing has to be classified as secret. Then that report was examined by the Swedish Government. The Swedish Government then forwarded the Report; it has come to us. But may Hon. colleague, the Minister has said that there are some-dash, dash, dash.

(*Interruptions*)

SHRI K.C. PANT: I said, dot, dot, dot. There should be no confusion.

SHRI JAGAN NATH KAUSHAL: Whether it is a dot or a dash, it makes no difference. At least I have not been able to understand the difference.

Sir, the point is that certain portions of that Report have been deleted by the Swedish Government because of their laws. But two-three facts have come to light. The facts that have come forward are that certain payments have been made. Now a question arises.....(*Interruptions*) You are only interested in saying ha, ha and hi, hi.....(*Interruptions*)

Immediately the Opposition was taken into confidence by the Prime Minister. A number of meetings took place. A decision was taken to appoint the Committee. Then the question arises whether the Committee should be appointed, what should be the terms of the Committee. Now, we have to find out whether the Opposition who claim themselves to be a highly responsible Opposition, are going to cooperate with the Committee, which they themselves wanted and now the Government says that since there is some tangible evidence to proceed on, we appoint the Committee.

May I again bring one fact to the notice of the Hon. Members? After the Government had agreed, after the Government had writ-

ten to the Speaker, after the Government had written to the Chairman of the Rajya Sabha for the appointment of a Committee, the Government did not sit quietly. the Government was still persisting. In the Minister's speech there is a very important information that on 16th June the Government again wrote back to the Bofors and the observation which the Government made was that they had violated their assurance to the Government of India, conveyed both directly as well as through the late Mr. Palme. Therefore, we call upon Bofors to give us this information. This is what the Government feels. The Government feels that they had given an assurance. The Government feels that there is a violation of the assurance. So we want categorical information from you on all these matters. Bofors' reply again is(*Interruptions*) This is their reply and they maintain it. Ultimately you may demolish it, you may not accept it, on the basis of other evidence, it may be said that Bofors are not telling the whole truth; but what they have said is this. They have said, "we deny the payment of bribe or the use of middleman to win the contract. The payments which have been made are because we had to terminate the earlier arrangements and that is why winding up cost....."

SHRI C. MADHAV REDDI: Do you say that they are telling the truth?

SHRI JAGAN NATH KAUSHAL: That is why we are going to appoint the Parliamentary Committee to find out what is truth and what is not. But you are not interested. I know you are not interested. I know you are not interested and that is the whole difficulty because once you know about payment of some compensation for termination of a local agent you will at once jump to conclusion that this is a bribe and bribe for winning of the contract and bribe for the middleman. (*Interruptions*)

Sir, we can always convince and win those people who have an open mind. Unfortunately—at least I am not used to say all this—in this case the Opposition has a totally closed mind.

Now what are the terms of reference? These are the terms of reference of the Committee. On the basis of the Audit Bureau's Report they have to find out:

"To inquire into and determine the Indian laws, rules and regulations which were violated by the concerned persons/firms by receiving the payments referred to in (i) above;"

Is it not wide enough? Is it not wide enough to find out what sort of payments have been made? Is it not wide enough to find out whether these payments are within the commercial business arrangements? Is it not wide enough to find out why these payments have been made and for what purpose? The Committee will go into this and then the Committee will make suitable recommendations based on the findings of number (i) and (ii) above.

Now Mr. Reddi says that they are not interested in cooperating with this Committee. (*Interruptions*) You are on record to have said this. Actually the Minister has appealed to all of you to join the Committee. Let it be a unanimous verdict of the House. The Committee which is being appointed is a Joint Committee. Under the rules of the House the Committee will have all the powers which all parliamentary committees have. In addition it has also been said:

"That the Rules of Procedure of this House relating to parliamentary committees shall apply with such variations and modifications as the Speaker may make."

So I do not know why should there be any threat of boycott of the Committee? Why should they say that they are not going to participate in this Committee. According to them this Committee would be totally ineffective. If that were so then why all this "hulla gulla" was raised that the only possible forum was a parliamentary probe whereas today we are being told that a parliamentary probe

[Shri Jagan Nath Kaushal]
is ineffective.

Sir, I have been in Parliament for quite some time and I have no doubt in my mind that the parliamentary committee will have full powers to investigate.....(*Interruptions*)

SHRI M. RAGHUMA REDDY: Sir, how has he come? He was asked to withdraw for the whole day.

(*Interruptions*)

SHRI S. JAIPAL REDDY: Sir, I rise on a point of order.

MR. DEPUTY SPEAKER: What is your point of order?

15.00 hrs.

SHRI SHANTARAM NAIK (Panaji): Sir, you please listen to us.

MR. DEPUTY SPEAKER: I want to hear his point of order.

SHRI S. JAIPAL REDDY: In the morning, you will kindly recollect, Sir, that Mr. K.K. Tewary was asked by the speaker to withdraw from the House.

SOME HON. MEMBERS: No, no.

(*Interruptions*)

SHRI S. JAIPAL REDDY: When he refused to withdraw the remarks he made against Prof. Dandavate, he withdrew from the House.

(*Interruptions*)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P. R. DAS MUNSI): He is misquoting the Speaker.

(*Interruptions*)

SHRI S. JAIPAL REDDY: Withdrawal from the House would mean withdrawal from

the House for the whole day.

(*Interruptions*)

SOME HON. MEMBERS : No. no.

SHRI SHANTARAM NAIK: You please listen to me, Sir.

(*Interruptions*)

SHRI S. JAIPAL REDDY: This kind of convention has been honoured without breach whatsoever in the past.

SHRI SHANTARAM NAIK: Why don't you listen to me?

MR. DEPUTY SPEAKER: I will.

SHRI SHANTARAM NAIK: Sir, Speaker had not told Mr. Tewary to withdraw. He said: I will tell you to withdraw. He had not said that you withdraw.

(*Interruptions*)

SHRI BASUDEB ACHARIA (Bankura): Speaker said him to withdraw.

(*Interruptions*)

SHRI M. RAGHUMA REDDY: Speaker asked him to withdraw.

SHRIDINESH GOSWAMI: If I remember correctly the events that took place-I thought, it will not come up-the Hon'ble Speaker asked Mr. Tewary to withdraw certain remarks made by him.

SHRI BHAGWAT JHA AZAD: That's right.

SHRI DINESH GOSWAMI: Not to withdraw from the House.

SHRI BHAGWAT JHA AZAD: That's right.

SHRI DINESH GOSWAMI: Mr. Tewary instead of withdrawing his comments left the

House. Therefore, the question is: Can he come back to the House....?

(Interruptions)

SOME HON. MEMBERS: Yes, Yes.

(Interruptions)

SHRI DINESH GOSWAMI: I am not... *(Interruptions)*... Please listen. I am not challenging... *(Interruptions)*... He can ... *(Interruptions)*... Please listen. He can come back. I am not challenging he cannot come back. He can come back.... *(Interruptions)* ... He was not asked to withdraw from the House. He can come back.

(Interruptions)

MR. DEPUTY SPEAKER: Please order; please order. Let him speak.

(Interruptions)

SHRI H. K. L. BHAGAT: Mr. Deputy Speaker, Sir, may I request the Hon'ble Members to please keep quiet and let Mr. Tewary say whatever he wants to say.

(Interruptions)

SHRI BASUDEB ACHARIA: No, no. Why are you allowing him to speak.

SHRI H. K. L. BHAGAT: Let us hear. Then he will go.

(Interruptions)

MR. DEPUTY SPEAKER: I will give a reply. I will give a ruling. Take your seat.

SHRISRIHARI RAO (Rajahmundry): He should not sit in the House, Sir.

SHRI M. RAGHUMA REDDY: You cannot allow him to speak.

SHRI BASUDEB ACHARIA: He should not be allowed to sit here.

(Interruptions)

MR. DEPUTY SPEAKER: Suppose he regrets....if he says he regrets....if he regrets, what do you want?

(Interruptions)

SHRI S. JAIPAL REDDY: Your ruling will not depend....

MR. DEPUTY SPEAKER: On the main point of order if you want to say something, you can say so.

(Interruptions)

MR. DEPUTY SPEAKER: Don't bring now a new point of order. Of course, Shri Jaipal Reddy's point of order.... no other things. I cannot allow I am only listening about Shri Jaipal Reddy's point of order. Not others. If you want to say on Jaipal Reddy's point of order, I will listen and would dispose it of. On a new point of order, I can listen afterwards; not before that.

(Interruptions)

SHRI BASUDEB ACHARIA: That, what is your ruling?

MR. DEPUTY SPEAKER: I am giving.... I am going to give my ruling..... I will listen.

(Interruptions)

MR. DEPUTY SPEAKER: I am giving my ruling.

(Interruptions)

SHRI P. R. DAS MUNSI: It is no good to mislead the House. The fact is that the Speaker on some of his remarks asked him to withdraw. Tewaryji protesting the ruling walked out of the House. *(Interruptions)*

Let us not disturb the House.

(Interruptions)

PROF P. J. KURIEN (Idukki): Tewaryji protesting the ruling of the Speaker walked out of the House.

(Interruptions)

SHRI BASUDEB ACHARIA: Tewaryji was asked to withdraw from the House.

(Interruptions)

MR. DEPUTY-SPEAKER: I want to know if at all he has been asked to withdraw. That is what I want to know. I do not want any more thing from Mr. Tewary.

(Interruptions)

MR. DEPUTY-SPEAKER: The Speaker gave his ruling, he asked Tewaryji whether he is going to withdraw his remarks or withdraw from the House.

SHRI BASUDEB ACHARIA: He was asked to withdraw from the House.

MR. DEPUTY -SPEAKER: He withdraw from the House. Now he has come I want to know whether he has withdrawn his statement?

(Interruptions)

MR. DEPUTY-SPEAKER: If he withdraws his statement he can say, otherwise he cannot say.

(Interruptions)

MR. DEPUTY-SPEAKER: I do not want any speech from you. Are you withdrawing?

PROF K. K. TEWARY: You have not heard anything.

MR. DEPUTY-SPEAKER: I can hear only after knowing whether you are withdrawing from the House. Otherwise I cannot allow. I don't want any statement.

(Interruptions)

SHRI S. JAIPAL REDDY: What about my point of order?

(Interruptions)

PROF K. K. TEWARY: Before you give your ruling, you have to hear me. I walked out of the House....

(Interruptions)

MR. DEPUTY-SPEAKER: Don't make any statement.

PROF. K. K. TEWARY: I did not hear anything.... *(Interruptions)* In the din, I did not hear anything. I said: "I protest and I walk out".

(Interruptions)

MR. DEPUTY-SPEAKER: Are you now withdrawing or not?

(Interruptions)

PROF K. K. TEWARY: I walked out of my own.

*(Interruptions)***

MR. DEPUTY-SPEAKER: Nothing goes on record.

(Interruptions)

PROF K. K. TEWARY: I had protested against the ruling and I walked out against the ruling. I did not hear anything.

MR. DEPUTY-SPEAKER: You cannot question the ruling of the chair.

PROF K. K. TEWARY: You are not allowing me to explain the earlier situation. Therefore, I am again walking out.

Prof K. K. Tewary then left the House.

15.10 hrs.

*(Interruptions)***

MR DEPUTY-SPEAKER: Nothig goes on record.

SHRI A CHARLES: (Trivandrum): On a point of order...*(Interruptions.)* I want to have a clear ruling from the chair. In the morning, the hon. speaker wanted Prof. Tewary either to withdraw his statement or he wanted Prof. Tewary to go out. We want to know whether Prof. Tewary has to go out for the time being or for the whole day.

THE MINISTER OF PARLIAMEN-
TARY AFFAIRS AND MINISTER OF FOOD
AND CIVIL SUPPLIES (SHRI H K L
BHAGAT) : Let me make a sub mission.
Everybody in this House has to respect the
ruling of the chair. You might see the record.
We are strongly for respecting any ruling
given by the chair by all the hon. Members.
You might see the record what was the
ruling. *(Interruptions.)* Prof Tewary is out.
Whatever is the decision of the hon.
speaker, everybody is expected to respect
that and should respect that.

(Interruptions.)

MR. DEPUTY-SPEAKER: Rule 373
says:

"The Speaker may direct any member
whose conduct is, in his opinion, grossly
disorderly to withdraw immediately from
the House, and any member so ordered
to withdraw shall do so forthwith and shall
absent himself during the remainder of
the day's sitting."

(Interruptions.)

SHRI BHAGWAT JHA AZAD: It is not a
question of shouting or counter-shouting.
What did the hon. Speaker say? Was it:
"Either you withdraw your remark or with-
draw from the House"? You kindly tell us. It
is not a question of their swearing or our
swearing, You kindly tell us, whether the
hon. speaker asked Prof. Tewary to with-
draw his remarks or withdraw from the
House. That is the point. Have you seen the
record?

MR. DEPUTY SPEAKER: He said like
that. But the member did not heed anything.

The speaker asked Shri Tewary either to
withdraw his statement or to withdraw from
the House. He has said only that. He did not
give any verdict on that basis.

(Interruptions.)

PROF. MADHU DANDAVATE: Let us
resume the debate Sir. Let us not send
'Bofors' out of the House'

(Interruptions.)

MR. DEPUTY SPEAKER: Yes Mr.
Kaushal, you please continue.

SHRI JAGAN NATH KAUSHAL: Mr.
deputy speaker, now I will be very brief and
try to wind up what I have been saying....

(Interruptions.)

SHRI S. JAIPAL REDDY: we are only
saying that he should not demand winding
up charges.

SHRI JAGAN NATH KAUSHAL: From
the very beginning, the effort of the Govern-
ment was to find out what had happened.
Now, there is a report which says that pay-
ments have been made. Government wants
to know to whom these payments have been
made and if they have been made, which
laws and rules and regulations have been
violated. Once we identify the persons, once
we identify the guilty, then this Committee
will recommend action to be taken.

I would request the opposition to join this
Committee. If they feel that there will be
difficulties for the Committee in discharging
its functions, then there are two safeguards
provided. One safeguard is in the terms of
reference itself. it is:

"The hon. speaker may make such vari-
ations and modifications as he thinks
proper."

And the second safeguard is the Govern-
ments, assurance given on the floor of this
House that they will give all possible assis-

[Shir Jagan Nath Kaushal] tance' in regard to all matters relevant to the inquiry. I would, therefore, request the hon. members of the Opposition to join this Committee and find out the truth. The Minister himself has stated that this is probably the first investigative committee of its kind in our parliamentary history. Let this Committee make Parliament's history.

Now it is established, it is on the record and the Bofors themselves are saying again and again that it is their normal business practice that if the local agents' contracts are terminated, then charges have to be paid to them. They have said this over and over again.

15.18. hrs.

[SHRIMATI BASAVARAJESWARI *in the Chair*]

The question for our consideration is whether this Committee will be in a position to find out what, in fact, has happened. If the opposition is interested in finding out the truth, I request them to join the Committee. I hope they are interested in finding out the truth. If, according to them allegations are proof, then I do not subscribe to that view. Allegations are no proof at all. I would like to point out to my hon. friend Shri Chatterjee that howsoever serious the allegations may be, allegations by themselves do not amount to proof. Proof has to be there and it may come direct or it may come through circumstantial evidence. And it is entirely for the Committee to decide. Please do not attribute motives to the Government. From the beginning, Government have been saying that they do not want middlemen. They have got an assurance on this from as high a dignitary as the Prime Minister of that country. Ultimately, we went on pursuing the matter. Something tangible has now come before us. We want this hon. House as well as the other House to cooperate with us so as to find out the truth and punish the guilty.

SHRI SOMNATH CHATTERJEE (Bolpur) : Madam: It seems that adopting a posture of 'Holier than Thou', the Govern-

ment is trying to hustle this Motion through the House, without any effective consultation with the Opposition, when specially it was the Opposition which has from the very beginning been asking for a parliamentary probe in the matter, and the Government was resolutely opposing that request for a parliamentary probe.

There was a meeting between the Prime Minister and the leaders of the Opposition. The Prime Minister wanted suggestions. Suggestions were given jointly by the leaders of the Opposition; but, thereafter, there was no discussion at all; and in the presence of even the hon. Speaker, the leaders of the Opposition suggested that before the Motion has taken up on the floor of the House, there should be some discussions on whether the differences can be narrowed down, and some working formula can be arrived at. But our hon. Minister of Parliamentary Affairs, either on his own or dictated by his conscience which is influenced by other considerations, refused.

PROF. MADHU DANDAVATE: Which-ever is smaller.

SHRI H K L BHAGAT : May I make a point, if you yield for a minute?

Let me make it clear that it is not correct that no reaction was given. It is true that a meeting as such did not take place, but a day earlier, I spoke to some leaders individually, gave our reaction to their proposal. Either he is not aware of it, probably, or his colleagues have not told him.

Secondly, it is true that they had their own viewpoint, and we had our own viewpoint. But the reactions of the Government were given individually to the leaders of the Opposition. It is not that they were not talking.

SHRI SOMNATH CHATTERJEE: But they were not consulted. But if it satisfies his conscience....

PROF. MADHU DANDAVATE: Discussions with Opposition and discussion with

individual Members of Parliament are different.

SHRI SOMNATH CHATTERJEE: The present attitude of the Government, with a laboured prefatory remarks by the hon. Minister of Defence, shows that they come before the House, tell the Opposition: "Either take it as we present it, or leave it.: I am sorry we cannot take it as it is.

In this long statement, specious reasons have been given why the suggestions made by us in our amendments cannot be accepted; and I am very sorry to say that in their nervousness, in their panic reaction, even a suave hon minister like Mr. K.C. Pant has misread our amendments. He said I quote from his statement:

"The suggestion is to review all Defence contracts concluded in the past seven years and more."

Nothing can be further from the intention of our amendment, which a plain reading of the amendment will show.

In this context, we cannot avoid coming to the conclusion that the Motion as moved by the Defence Minister is a calculated attempt to provide a pretence of a parliamentary probe over serious complaints of corruption and bribery, alleged to be even against the highest level in this country; and then an inquiry to be made by a Committee predominantly loaded with the members of the ruling party who are very vitally concerned, to relieve the tarnished image of their leader. The Government and the ruling party are not able to depend on the sense of loyalty alone. They are supposed to have issued a whip. Kickbacks outside, and whip inside: That is the mood of this Government.

Never before in the history of this country has the Government at the Centre been under such a cloud as it is now; and it seems from the revelations that are coming out more and more and the guilty reaction to the disclosure that the Bofors deal and the submarine deal represent a tip of an iceberg, and there are many other deals which

are coming out. According to me, this motion is part of a very crude attempt on the part of the Government not to reveal what the country should know under the facade of a pretended enquiry and the Government knows that it has also lost credibility among the people of this country; and they know also that the people of this country are asking whether not this Government should survive; they are asking how long will this Government survive. (*Interruptions*)

PROF. N.G. RANGA (Guntur): Who is asking?

SHRI SOMANATH CHATTERJEE: The people whom you are avoiding.

(*Interruptions*)

MR. CHAIRMAN : Please don't interfere when he is talking.

SHRI SOMNATH CHATTERJEE: That is why, today, almost all the opposition parties in this country have demanded a mid-term poll...(*Interruptions*)

SHRI SHANTARAM NAIK: This is an elected House. (*Interruptions*)

MR. CHAIRMAN : Please resume your seat. Let him say whatever he wants to say. Why do you get up?

SHRI SOMNATH CHATTERJEE: One would have imagined if the Government had a clear conscience, they would have accepted the demand of the opposition parties, they would have got clearance from the people of this country whether their action and their act are justified or not. It is not a question of survival of an inept government only, it is a question of the survival of this country, and the people of this country because they are being bled white today. This Government has surrendered itself to foreign exchange manipulators and economic offenders. What is the position?

When the question came up, they said that the opposition did not have any material.

{Shri Somnath Chatterjee}

They were sneering at the opposition that they relied only on newspaper reports and that they did not have information on their own (*Interruptions*) When the Swedish Radio's report came out, it was not from the opposition and you discovered that it was false, mischievous and baseless. What was the basis of this reaction of the Government? According to them, there could not have been any payment because there was no middle man and there was no payment. When the Prime Minister specifically said that there was no middle man...(*Interruptions*)

MR. CHAIRMAN : I don't like cross talking. Please don't interfere also. I request the members on this side also not to talk.

SHRI SOMNATH CHATTERJEE: The Prime Minister took up a very firm stand at that time that there was no agent or a middle man in the Bofors deal and no payment had been received. Thirdly, the Swedish Radio's report was a concoction. Each one of these stands taken by the Prime Minister has now turned out to be colossal and contrived disinformation.

Madam, in this context this Motion has come. The Minister for Parliamentary Affairs — Where is he? I do not know — has gone on record in newspapers day after day, day in and day out, he said, "No, no, we will not associate the Opposition in a manner they want because the Opposition is politically motivated." And your leading speaker from the Congress Party today, has said that the Opposition has a closed mind. why? Because, we are not prepared to give you a white washing certificate which you want through the means of a committee which will be worse than an apology for a parliamentary probe. (*Interruptions*) At one time, we were told, "What can we do?" Even today the hon. Defence Minister has said what the Government could do. They had written to the Swedish Government. They have approached the Swedish Government for information and for report, but did you not know the name of a person called Win

Chadha when the question of middlemen and agency came up for the first time? Why was he allowed to go away, Was any inquiry made of him? There was no

AN HON. MEMBER: They closed their eyes.

MR. CHAIRMAN : You yourself interrupt, it is very bad.

(*Interruptions*)

SHRI SOMNATH CHATTERJEE: I thought you had so many people to speak on your behalf. (*Interruptions*) Naturally, you are afraid of lawyers because of the illegalities committed by you.

MR. CHAIRMAN : Why do you not address the Chair?

SHRI SOMNATH CHATTERJEE: Madam, they are not disturbing me through the Chair!

MR. CHAIRMAN: Address the Chair and everything will be all right.

(*Interruptions*)

SHRI SOMNATH CHATTERJEE: He was — Win Chadha — allowed to escape. Some show of a search was conducted at some inconsequential place and some seizures were allegedly affected but when the bird had flown away. And what is the wonderful functioning of this Government? As Mr. Madhav Reddi has reminded us, he goes to the Indian Embassy in Washington, the Ambassador or Consul whoever was there, he was ready to oblige with attestation of his papers. Then he vanishes and then this might Government through all their diplomatic missions and agencies cannot find out Win Chadha! That is the end of the inquiry so far as the government of India is concerned. (*Interruptions*)

Now, when there was a categorical attitude that there could not have been a payment of commission, the Prime Minister

took up an attitude of bravado and said, "I will punish the guilty and I will publish the truth". And once when Mr. Madhu Dandavate recalled another Prime Minister of another country who was charged with allegations of corruption and what action he had taken, then the Prime Minister got up to say. "But here the Prime minister is not guilty" giving a certificate to himself, before an inquiry was made.

Then came the staggering revelation from the Audit Bureau Report — this is not an Opposition document, Madam, go on criticising the Opposition — but the Audit Bureau report is from the Swedish Government sources. It proved to the hilt. It is admitted by the Defence Minister and Mr. Kaushal. It is admitted now that a huge sum has been paid by way of not only winding up costs of nearly forty crores of rupees but also on account of commission. Now, commissions paid to whom? *(Interruptions)*

Madam, I do not know whether you had seen this. From Page 3 of today's statement of Mr. Pant, — we are obliged to him for giving us copies — here he has quoted from the Audit Bureau's Report.

"The observations of the National Audit Bureau in summary are as follows:

That an agreement exists between AB Bofors and concerning the settlement of commission subsequently to the FH 77 deal, and that when considerable amounts have been paid" - when thought out the Government the case has been that no payment has been paid" subsequently to, among others, AB Bofors previous agents in India", as apart from this winding costs have been paid.

Which contracting party in the world, in a commercial field operating in the capitalist system, will do that? That if they had kept Win Chadha's company as agents for five years on Rs. 2 lakhs a month, it would have cost them about Rs. 1.2 crores. And to avoid payment of Rs. 1.2 crores, they are sup-

posed to have paid as winding up costs between Rs. 35 crores and Rs. 40 crores. Is it a believable thing?

SHRI M. RAGHUMA REDDY: Not at all.

SHRI SOMNATH CHATTERJEE: Therefore, the reason is obvious. Under the pretence of winding up costs, huge amount has been paid. And now it is inconvenient to describe it as commission because kick-backs need not be shown generally as commission. Therefore, a new terminology has been evolved. That is the contribution of the Bofors and the India Government that a new terminology has been thought of and it is called winding up cost of an agent. The Prime Minister and this Government want to take this country for a ride. Please do not think that the people are so fool that the Prime Minister and the Government and the ruling party, which have been studiously refusing to appoint a parliamentary committee for a proper enquiry, realised that they cannot now tamper with the report of the Audit Bureau. Therefore, they now take up the attitude, yes, we want a committee, we want a parliamentary probe but parliamentary probe according to the Government's own terms of reference according to the limited powers to be conferred by the Government on this committee and the composition would be to the Government's own liking. Now it is not left to the Speaker. It is not done in consultation with the opposition parties. And what is going to happen? What is this composition which makes it thoroughly unacceptable to the opposition, Out of 21 members, only two or three members will be from the opposition in Lok Sabha, because this temporary majority gives an unreal situation. And then Mr. Kondaivelu will be one of the obviously elected persons from the opposition. *..(Interruptions)*

In the same process, there is an attempt to divide the opposition because the opposition will try to put its own members. So you try to divide the opposition by providing minuscule representation in the committee. Now, Parliament will not be able to go into it and further discussion on the floor of

[Shri Somnath Chatterjee]

Parliament is stifled. No further talks, no further discussion like the Fairfax commission of inquiry. It has not seen the light of the day. Nobody knows what is happening in that inquiry commission, supposedly a judicial commission. You have extended the period from three months to six months. With the unfortunate illness of one of the hon. learned judges who constitute the commission, probably time will have to be further extended. We cannot discuss Fairfax on the floor of this House. This is the same tactics which has now been adopted.

SHRI K.C. PANT: Is the hon. Member blaming the Government for the sickness of the judge? There ought to be a limit to this.

SHRI SOMNATH CHATTERJEE: I never said this. Please do not put words into my mouth. You are here for a long time and I am also here for some time. I have not lost my senses. I have said that the unfortunate illness of one of the judges will mean further extension. I am not blaming the Government. But I would like to know—since you have raised that question by interrupting me—why have you extended the time by another three months. Please tell this House what has been done in the first three months in this Commission of Inquiry. Has any single public hearing taken place? We do not know what has been done in that Commission. And this is the same tactics which is being adopted here also. The Prime Minister has given different explanations at different times. He has said, "No, the Audit Bureau has at least proved one thing that they were right because at the time of sanctioning of the Agreement there was no middleman" At the time of signing of the contract there was no middleman! That means there was a middleman earlier and middleman later. He does not say there was no middleman or agent later on. Then he says, "Well, commission was paid because of global transactions of Bofors." When the Audit Bureau's Report does not refer to any other transaction, it only referred to the Howitzer deal, then he says, "Oh, they made a wrong contract. They agreed to pay an ex-orbi-

stantly high rate and that is why they had to pay this winding up cost." He said, "Unfortunately, they paid two to three per cent in the winding up of an earlier middleman appointed in 1977." This is the attitude of the Prime Minister. To the army commanders he categorically said that there was no middleman, no commission. And Mr. Arun Singh, for inviting Bofors or showing little unhappiness—using his conscience, or asking for names or asking for particulars from Bofors, is now out of this House because he is no longer a Minister... (*Interruptions*).

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P.R. DAS MUNSI): Madam, he is mentioning Mr. Arun Singh's name which is not correct. I do not think it is correct to mention Arun Singh's name...(*Interruptions*). He issued a categorical statement after his resignation that nothing is linked with this....(*Interruptions*).

KUMARI MAMATA BANERJEE: It should be expunged from the proceedings.... (*Interruptions*).

SHRI P.R. DAS MUNSI: He is a Member of the other House. How can a responsible Member mention about this? He cannot.. (*Interruptions*).

MR CHAIRMAN: Please resume your seats. Mr. Chatterjee, you should not have taken his name because he is not in this House to defend it....

(*Interruptions*)

MR. CHAIRMAN: I have already told him. Let him continue

SHRISOMNATH CHATTERJEE: Unfortunately, so far as this Government is concerned, when the Ministers resign or they are hounded out, no statement comes. Therefore, we have to proceed on the basis of newspaper reports. The Ministers do not make any statements in this House. They do not have the slightest respect. Although the convention has always been that the House must be taken into confidence and must be

told the reasons of resignation here this has been given up....*(Interruptions)*

PROF. MADHU DANDAVATE: That is the convention.

SHRI SOMNATH CHATTERJEE: I do not know why different rules are applied for me...*(Interruptions)*.

SHRI SHANTARAM NAIK: I am on a point of order.

MR. CHAIRMAN: There is a point of order, Mr. Chatterjee: Yes, what is your point of order?

SHRI SHANTARAM NAIK: He must withdraw his statement with respect to Mr. Arun Singh or withdraw from the House.

MR. CHAIRMAN: There is no point of order. Please resume your seat...

(Interruptions)

SHRI C. JANGA REDDY: How he is asking a Member to withdraw?...

(Interruptions)

MR. CHAIRMAN: The Minister wants to say something. Please resume your seat.

SHRI K.C. PANT: Madam, as far as I know, it is the Minister's right to make a statement after he resigns, it is not obligatory on him. It is his right. We have been in this House for a long time, we have seen that some Ministers have made a statement, some have not. But it so happened that Shri Arun Singh, my colleague, has issued a Press statement. I do not know if my friend happened to see that Press report, but he said categorically that his resignation had nothing to do with the Defence Ministry or his functioning in the Defence Ministry. This is all that I want to bring to his notice.

SHRI SOMNATH CHATTERJEE: I assume on that basis. I proceed on that basis..*(Interruptions)*.

PROF. MADHU DANDAVATE: You referred to Shri Arun Singh. But remember, in his written speech he had also referred to Shri Vishwanath Pratap Singh. So there is nothing wrong as such.

(Interruptions)

SHRI SOMNATH CHATTERJEE: Because there was no statement in Parliament, several interpretations have been put. I am assuming that he resigned on personal grounds.

AN. HON. MEMBER: Health grounds.

SHRI SOMNATH CHATTERJEE: Or health grounds. A young man resigns on health grounds. I am accepting for the sake of my speech. But did he or he did not say on the floor of the House that the Swedish Government had confirmed that nothing had been paid? Therefore, Government's stand was nothing had been paid, When the Audit Bureau Report came out, what was the Prime Minister's re-action? He said:

"Payment had been made as the agent of Bofors was also counter purchasing from India."

But not a single instance of counter-purchase has either been indicated by the hon. Minister or in the Audit Bureau Report either.

What was the next explanation which came from the Prime Minister? He said, let me tell you what I feel had happened -

The agent's contract in 1977 must have been signed on some absurdly high figures and that is why the winding up has cost 2%. That a middle man was there which was cancelled at our asking. What is the good of denying all through that there was no middleman?

PROF. MADHU DANDAVATE: That was before March, 1977.

SHRI SOMNATH CHATTERJEE: Then the other explanation from the Prime Minis-

[Shri Somnath Chatterjee]
ter was-

"Payments were in respect of the agents global commission and may not have had anything to do with the Bofors deal itself."

Now that had been exploded by the Audit Bureau Reports which says specifically -

"It is connected with howitzer and nothing else". The most astounding attitude we have seen in this country, the Prime Minister said...

(Interruptions)

PROF. P.J. KURIEN: The Prime Minister is not in the House.

PROF. MADHU DANDAVATE: He says the Prime Minister is not in the House.

(Interruptions)

SHRI SOMNATH CHATTERJEE: Bofors wanted to send a delegation to India to furnish information to the Government of India. Even to-day's newspaper publishes similar statement from the Prime Minister. He says -

"Nothing would be gained by asking them to come here because they are not prepared to give the details."

The Prime Minister even today has said.

(Interruptions)

MR. CHAIRMAN: Silence please.

SHRI SOMNATH CHATTERJEE: Kindly recall, it has come out in the newspapers. I have no special source - Mr. Rune Bord Chief of Information of Nobel Industries which is the holding company of Bofors, they have said that if the Indian Government ask for it, we are willing to give all the information.

(Interruptions)

Is there any customer, is there any company anywhere which can deny to give information? In this deal, Madam Chairman, it is not being doubted, everywhere it is reported that Bofors was in trouble until this contract was obtained. They were in financial difficulties and they with open arms invited the Government of India to place orders and they entered into the contract. If the Government of India had threatened cancellation of their contract, could Bofors have the courage to deny or to refuse to give the names of the persons, although they admit that they had made payments? Would it have been possible? Was there any threat of the cancellation of the contract?

Now the hon. Minister has referred to commercial confidentiality. As Shri Madhav Reddi said *(Interruptions)*

The concept of commercial confidentiality cannot possibly arise between the two contracting parties themselves. There the customer itself is the Government of India. Bofors themselves say that it is an affair between them and their customer meaning thereby the Government of India, obviously indicating that "of our customer wants it from us we shall give it." Now, you don't allow them to send a delegation here because you say we hear no evil. Now, you say that no oral statement will be accepted. What is the good of a dialogue? Now, if there was a written record of the payment of kickbacks, that has not been in the Government file, I hope they are not so much inefficient, then it has to be on the basis of the information given to them. Now, two things have absolutely been proved to the hilt that there were middleman and agents, commission, etc. and other monies have been paid to them. Now, the question is: supposedly the identity of the middlemen or the agents is not known, what will this Committee do? If the Government is of the firm opinion that Bofors are not going to disclose or divulge the names, what will these 21 hon. Members of Parliament do? They will make a journey upto Sweden. they will have a chat there with them and they will say: No, sorry, we have refused to the Government of India,

we do not give it'. Then the Committee's functions come to an end because no other job is to be done. This will be a huge hoax.

Madam, therefore, on the basis of the terms of reference as they stand today, on the basis of the very very limited power that has been intended to be conferred on this Parliamentary Committee and the composition, the inherent weakness in the method of the composition of this Committee, it is impossible for us to be a party. We cannot be collaborators of the Government in a cover up operation like this. We submit that the whole object is to have a white-washing report. The Prime Minister wants to get a clearance from his minions. But we cannot be a party to it. It is a political fraud if this resolution is adopted as it stands now and we cannot be party of such a political fraud.

Madam, before I take my seat, I want to appeal to my friends on the Treasury benches... (*Interruptions*)

SHRI MADHUSUDAN VAIRALE (Akola): I think you can make allegations or appeal to us, to the ruling party. But you cannot do both. You are making allegations. Those who make allegations cannot be judges, in as much as the accused cannot be judges.

SHRI SOMNATH CHATTERJEE: Madam Chairman, although this Government is now on a panic-run and I know their vested interest in suppressing all facts than revealing them, even then I appeal to the hon. Members sitting on the treasury benches, that you have to choose between the interest of the country and interest of the leadership (*Interruptions*)

SOME HON. MEMBERS: No, No. (*Interruptions*)

PROF. MADHU DANDAVATE: That is the only point that has provoked them.

SHRI SOMNATH CHATTERJEE: I would request you, if you have not mortgaged your conscience, finally to think of the deprived sections of the people of this coun-

try, teeming millions and how a handful of the people in this country are ruling the roost. I would request you to please opt for honesty and integrity than for corruption and bribery. After all no single individual or family is greater than the country.

SHRI BHAGWAT JHA AZAD (Bhagalpur): Madam Chairman. I start with the point of agreement that I have with Somnath Chatterjee. The Point of agreement is that all of us on this side want to find out that monster who has digested this considerable amount, as said by the Audit Bureau. We want to find out where the money has gone exactly and it is precisely for this that we want a parliamentary committee.

Madam Chairman, in my parliamentary life I have never seen such a helpless and hapless Opposition condemning the Parliamentary Committee, the most powerful weapon in any democracy of the world. The Estimates Committee, the Public Undertakings Committee — they have majority from the Congress Party and only minority from the Opposition according to strength. Never before has there been one report of any explosive corruption or any action by the bureaucracy, and in other fields where the report is not unanimous. How did they go back today when they called for a Parliamentary Committee at one stage? When Government agreed, now they say, 'Give me the majority, give me the Chairmanship; if not at least the equal position. Why? Do they believe in Parliament and democracy and in Parliamentary Committee or do they believe in bargaining with the Government? Madam Chairman, I have never seen before in Parliament such Opposition demanding, haggling and trying to compromise on the committee's strength in number. Madam Chairman, it only showed one thing.

SHRI C. MADHAV REDDI: We never asked for the majority.

SHRI BHAGWAT JHA AZAD: Well, thank you very much. Only equal in number

[Shri Bhagwat Jha Azad] and a chairmanship—why? The Parliamentary Committee is not only in India, in the India Parliament. The Parliamentary Committees are all over in the world, in the democracies and they have their rules, they have their way of functioning, but it depends upon the Government and the Opposition to what height they rise to make this instrument important and functioning. An Opposition which talks in terms of pay-offs, an Opposition which has pre-judged the issue and wants a majority and Chairmanship of the Committee only to condemn the Government come what may, what comes out of the inquiry. We can never concede to this kind of thing, and therefore, when Somnath says he wants the inquiry, he wants to know who is that and where did the money go, I too say that equally, emphatically and strongly and all the colleagues on this side are equally strong, we want to find out, Madam Chairman, this Committee is in fulfilment of the assurance given by the Prime Minister in the last Session. The moment we have something to proceed with, we will have a Committee. The difference between Government and Opposition is, Government sees, investigates gets the *prima facie* case and gets the Committee; the Opposition shouts and wants the Committee first. Let them stick anywhere, and therefore, they do like this.

Mr. Somnath Chatterjee has a complaint against us that our Party issued a whip, the whip inside and kickback outside. Madam Chairman, we are democrats, we believe in party democracy. There is a whip and its importance is in Parliament. We are not like Somnath in a way, where whip is outside and kickbacks are inside. that is the difference.

SHRI SOMNATH CHATTERJEE:
Please explain to us how to arrange for kickbacks.

(Interruptions)

MR. CHAIRMAN: Are you yielding?

SHRI BHAGWAT JHA AZAD: Madam Chairman, I would explain. He knows from

where he gets the whip and he knows from where he gets the kickbacks. Everybody knows it in this country. Therefore, Madam Chairman, that is the Difference between him and me. Yes, I believe in parliamentary democracy and the whip, I believe in the leadership in a party, we do not want to be indisciplined soldiers of a party where the whips are outside. That is the difference, and that is why this pathetic condition of an Opposition where they want just only one thing—to condemn this Government whatever may be the facts.

16.00 hrs

Madam, Chairman, we are prepared for inquiry precisely for this fact. He says, this Government is nervous, panicky and running. Had we been panicky and running, we would not have that courage to face the inquiry, the parliamentary committee to inquire into the truth.

What for Mr. Somnath Ji, mid-term elections? Do you believe in parliamentary democracy? Parliamentary democracy says that a government returned by the people and that too with a massive mandate must have the courage, the will and the strength to rule and run the country till the next elections come. You are agree to a demand of Opposition in West Bengal to have a mid-term election immediately(Interruptions) But we shall not because our things are very clear. (Interruptions) Mr. Reddy, you do not understand what it is. There are your friends like Somnath and others who will understand this. why are you worried?

Madam Chairnam, therefore, I am saying...(Interruptions) I know what Mr. Amal Datta's taste is. I have seen his taste. If you want to tell me the taste again, he will get the taste back.

Madam Chairman, therefore, I say that here is a very simple issue. We support the Parliamentary Committee because in the last session. this issue was raised that there has been some middleman and payment has been made. What happened? Immediately, we denied the allegation on the facts

available then to the Government. That is No.1. No. 2 we immediately promised to have an inquiry into the whole matter. No. 3, we said, the moment we get some facts to proceed with, we will take immediate action like appointing a parliamentary committee. Madam Chairman, we have taken up all the three important points since then. Have you even seen our unwillingness at any stage? How do they say that we hide the fact? The moment, this was raised on the 20th, the Prime Minister took the House into confidence and announced this. Though there was Easter as our friends said, he immediately asked the Swedish Government and the Under Secretary in the Swedish Government Carl John Aberg immediately came back and said, yes, it is true that the Indian Prime Minister, Shri Rajiv Gandhi, talked to the Prime Minister, Palme to say that "We do not want any middlemen in this".

SHRI BASUDEB ACHARIA: Where is the record?

SHRI BHAGWAT JHA AZAD: I can give you fact and figures, not the understanding.

Madam Chairman, the problem is, they always talk of that. What I am talking is facts. The fact is that the Under Secretary of the Swedish Government said that the Indian Prime Minister talked to late Prime Minister, Palme, to say that, "We do not want any middlemen to be paid commission. Whatever you pay, keep that as deduction in the direct payment to the Government of India". Sir, that fact has been borne out to be true. There have been no middlemen. The Prime Minister promised the next thing about the deduction of payment. But in spite of that, Yes, we concede that there has been payment.

SHRI BASUDEB ACHARIA: To whom?

SHRI BHAGWAT JHA AZAD: That is what we have to find out. I also ask you "whom". Let us find out "whom". It is precisely for this question "whom", we want to have the parliamentary committee. Parliamentary committee does not function on the strength and the numbers. It functions ac-

ording to the rules and principles laid down by the House of Commons for hundreds of years and in this Parliament since 1952. If your good wishes and your ulterior motive are to condemn those, we do not permit those rules to be violated and to have all this. If you want, please come and join us. If the facts are not on our side and we want to steam-roll with the majority, I am sure, with three Members of 4 Members from your side, if you give a dissent of voice, the strength of your voice will prevail and not that of the majority. But you have not got that courage. You have the ulterior motive to some-how destabilise this Government.

16.05 hrs.

[SHRI VAKKOM PURUSHOTHAMAN
in the Chair]

You are scared to hear the word destabilise. So also some of your friends outside, the media men, the friends here, some of them, I do not say all of them. What was the point? When we said this, immediately the Swedish Government appointed the most impeccable source and that is the Audit Bureau, to go into the matter. Should we have not waited some time for the report? The report has come but, according to you and me, the truth — I do not object to the word truth — has not come. The Audit Bureau has appointed, inquiry is made but, friends did not stop here, neither in the Parliament nor outside. They had their conjectures running high. What is that? There is agreement written in the contract for the payment. The story went in the media and so also in the mouths of some of my friends. They tried to find out where is that contract. They did not find anything there at all. Then they said "No. No. No. There are volumes of annexures. One of the annexures contains this that there should be payment and they did not sign anything in that annexure. "Then what happened? Then they said "No, no, no. Not in the annexure. It must be somewhere above, in between the annexure and the agreement". Nothing was found. Then they said "The gun barrels were very bad. They burst in the trials." The army are the best judge, not you. They certified they are the best

[Shri Vakkom Purushothaman] guns. Then they said "No. no, no. Not gun barrels. But, I think, it was the trial which became ineffective at trial time. They are all hopeless. they are intrinsically inefficient." All these things were told to the people in this country.

Democracy means a responsible Opposition trying to hit the Government to keep it always on its toes but not to malign the Government without sufficient facts and here is an example where we find the gun barrels, through they were the fittest in the world, had been condemned by them!

Calling of annexure, calling of contract main provisions, all these things were fed into the media, in spite of denial by Bofors saying "Yes. There was a talk. In spite of the Bofors, I do not believe them." They are denied. But, in spite of all these, the Swedish radio went on saying. Our Ambassador met the Swedish Officer, Please tell us Day in and day out this Swedish radio went on saying "We will give the facts next day." But till now, we have no facts from them.

So, in the absence of the same opinion, the friends, defenders and champions for the minorities in democracy — majority are nobody in the democracy — they are shouting, their radio keeping a conspicuous silence. (*Interruptions*) And I thought you will understand that much. Anyhow, I will not switch every time to the radio. So, what happened? They allowed this impression to be created without the inquiry of the Committee and with that there is an impression all over the country that "Well, everything is wrong. The Government is corrupt. The Ministers are corrupt." Even all of us, everybody, out of the 50 crores have distributed one penny each! And here are these champions the honest and clean persons!

SHRI SOMNATH CHATTERJEE: Once you are right.

SHRI BHAGWAT JHA AZAD: We Congress party run elections. We fight our elections. Our jeep is run on petrol. But their's is run on water! They do not spend on any-

thing. They do not pay.

Mr. Somnath Chatterjee, that is not the argument. Don't try to twist my argument. Don't say that. You also know from the back-window and from some other source that we know in this country. don't say that.

So, what we find today? In spite of this, the report of Audit Bureau came, the full report was published immediately. The next day, Opposition was taken into confidence. The Prime Minister, as promised in the Parliament in the last Session, opted for the Parliamentary Committee But what a logic in not to accept the Committee! Shri Madhav Reddi says that there is no question of majority; Let it be half; half. He says: Give me the Chairmanship. why? (*Interruptions*). All over the world, in a Parliamentary Democracy system, have you read about their rules and procedures as to how they work? Have you seen how it works? No, you have not. Only you have one pre-notion. Absolutely, you want to condemn the Government, whatever may be the facts. But we are not going to fall into that trap. Where you are talking of mid-term election, we shall not oblige you. But whenever we go the elections, we will show you in which party the country has placed its faith....(*Interruptions*). The country knows better. I am happy that Mr. Jaipal Reddy does not want us to go to the elections now...

(*Interruptions*)

SHRI S. JAIPAL REDDY: No, no I want it.

(*Interruptions*)

SHRI BHAGWAT JHA AZAD: I am sorry. Do you also want mid-term elections?

SHRI S. JAIPAL REDDY: Yes.

SHRI BHAGWAT JHA AZAD: Right. This man also want to go to mid-term election. I correct myself. But these gentlemen who want to go to the mid-term elections know what they are worth in the House. They forget only one thing. I would like to ask: what

is to be there in a Parliamentary Democracy? There must be a dialogue, a continuous dialogue between the Government and the Opposition. There must be a discussion. Their feeling is that the Minister of Parliamentary Affairs and the Madam Minister must invite them for lunch and dinner very often and not once in a blue moon. You must always call them very often. You must talk to them sweetly and nicely.... (*Interruptions*). Sometimes agree with them. But on many times or sometimes.....

(*Interruptions*)

SHRI S. JAIPAL REDDY: If you could yield, Sir... a share of kickbacks...

(*Interruptions*)

SHRI BHAGWAT JHA AZAD: That , I said. I said that the kickbacks and the share, he and his leader are getting enough in this country....(*Interruptions*). Even if there is anything and if he wants a friend, I do not want to take that tainted money. But if he wants to throw into my house, I will not throw it on the street. There is a good friend like Shri Jaipal Reddy, i.e. he also want kickbacks ...(*Interruptions*) Therefore, I would like to say that in a Parliamentary Democracy, there must be a give and take policy. For instance, there are expulsions for a day or two or more. But then, they are withdrawals also and those expelled are coming into the fold of a party Sir, there must be shouts and counter-shouts. But it should not be so much as it happens now in this House. It is to be like today. To day, there has been some shouting but at the same time there was some silence and somebody could hear it. So, you must have that atmosphere to prevail. But I would like to tell you Mr. Somnath Chatterjee, Professor Sahib and Madhav-ji, one thing has to be realised. In a Parliamentary Democracy, as far as possible, there should be compromise. If it is not possible, then ultimately the essence of democracy, the majority rule must prevail. We cannot stick to the point of majority members of a Committee of minority party members. That is unparliamentary. It is unheard of . Therefore, Mr. Chairman, what I want to say is this;

the Government's intentions have been clear from the very beginning, from the first day when the Swedish Radio broadcast the news. Immediately, we rushed to this House denied the allegation as far as I know. Subsequently, we promised that the moment we have something, we will also try to go into the further details. We immediately started making an enquiry. Since then we have not rested on our oars. The report has come. We have seen the report. Certain amounts have been paid. Bofors is not prepared to give us the information. That is correct. But you talk of a team and a Committee. What team you want? Mr. Bredin, the Vice-President of Bofors, came to India. We asked him to give the names. That fellow said "We have commercial confidentiality of that deed and therefore don't force us". Even after that you again say that you want a Committee. What for? Mr. Somnath, you want that Committee should come into being. We should talk to them. If they don't say anything to us, you will say: the Government do not want them to tell". what we have said is that the moment we have asked for the Parliamentary Committee, let that team come and depose before you in the Committee. That is our purpose. Let us not talk to them individually now. Tell us in the Committee any course of action we have to follow, we will follow. We want to find out the monster, who is that monster who has digested this money and brought a bad name to us. We want to find out...

AN HON. MEMBER: Inside.

SHRI BHAGWAT JHA AZAD: No inside. Only your saying will not do. This is uncharitable for a colleague to say that it is 'inside'. Please come in the Committee. Please have the witnesses. I thought that Mr. Jaipal Reddy, Mr. Somnath Chatterjee, Mr. Indrajit Gupta, Prof. Madhu Danda vate and Shri Madhav Reddi were strong men, they cannot be led away by the majority in the Committee. I never thought that they were men made up of such clay feet as to say, "Oh! We are helpless; we cannot do anything unless you give up the majority". Never before, Mr. Chairman, in the House of commons or in the American Senate or in the

[Shri Bhagwat Jha Azad]

Indian Parliament has the Opposition been so bad as to say that they cannot do anything through a Committee. Therefore, what I say is from the beginning we have done this. Even today Government is persisting with the inquiry. We have written report. We have asked Bofors to come out. Yes, we know that there are international norms of commercial confidentiality, but where this kind of confidentiality brings suspicion and misunderstanding in a country between the Government and the Opposition, I am for one, Mr. Somnath, that that confidentiality should not be allowed to prevail. Come on; let us join hands and find out how we can pressurize not only that firm but also request the Swedish Government to come out with facts and help us. We say this with an open heart: We want to find out. No cheek in the tongue to say: Demand a Committee". Sorry, the other way Mr. Somnath.. (Interruptions) Because when I talk of you, it becomes just the opposite, because you have been telling always the opposite things; so, this also becomes an opposite.

So, Mr. Chairman, what I say is this. We are honest and sincere not only in our intentions but also in our actions; from the day it was told uptill now, the actions done by the Government - let that be an example, let that be our sincere and honest appreciation of the situation. Therefore, we make this request. Let this Committee be supported unanimously and be accepted. Please come and I am sure that it will be possible for some of you to work. You ask: What shall we do in the Committee". Why do you say from the beginning like this? Come in the Committee and sit there as you have done in the Estimates Committees, in the Committee on Public Undertakings, in the Public Accounts Committee where we have unearthed many important things. I have been Chairman of the Estimates Committee and a member of all these important Committees. Many times things have come where there was almost no evidence, but we found out.(Interruptions) Prof. Dandavate, say it a little louder.

SHRI SOMNATH CHATTERJEE: He says that next time you should become Chairman of the PAC.

SHRI BHAGWAT JHA AZAD : Prof. Madhu Dandavate, it is shameful for you to talk of one of your colleagues like this. I have chaired many Committees. I have been a Minister in the Government. I am much older I have had twice your tenure in the Lok Sabha. Do not try to fling this kind of thing at me. (Interruptions) I am not yielding. Therefore, Mr. Chairman, what I say is this.

SHRI S JAIPAL REDDY: You have not understood.

SHRI BHAGWAT JHA AZAD: I have not understood! I do not want to understand this point. I want misunderstanding on this point at least, if not on anything else.

Therefore, Mr. Chairman, I conclude saying that it is an important event. Unfortunately - not mostly due to you, but some due to you and some due to some others - some friends who always speak in the name of the country either in the western lobby or in the mid-lobby or in the eastern lobby but not in the Indian lobby, always try to write things against us, saying that everything that the Government do is black. And these things are coming from proprietors of industrial houses who are trying to get everything from the Government; they are trying to harm the Government by not writing correctly. They say that there was pandemonium in the House...

SHRI SOMNATH CHATTERJEE: Press.

SHRI BHAGWAT JHA AZAD: Why do you say 'Press'? See what they are saying. They understand the right thing. What I say is this. They say, there was pandemonium in the House; I am not heard, Mr. Rangarajan is not heard, Mr. Ghafoor is not heard, but Prof. Madhu Dandavate is properly heard. And everything will come out, what I say is

[*Translation*]

News Correspondents may not write what I say. But they should write at least this much that these are all lies. In order to find out the truth, if you have courage and if you have faith in the Parliament, it is necessary that this committee may be endowed with whatever facts and figures laws, rules and powers you want to give to it. Let them find out the demon who swallowed so much money of our country and brought ill fame to us.

With these words, I express my gratitude to you for giving me time to speak.

[*English*]

SHRI S. JAIPAL REDDY (Mahbubnagar): Mr. Chairman, Sir, Mr. K.C. Pant referred to the unique nature of the proposed Inquiry. But he did not refer to the unprecedented size of scandal. This is the biggest/scandal that shot to surface in the history of free India, the stink of which is rising to the high Heavens and beyond the high dome of Parliament.

Sir, Bofors affair reads like a strange story of unending contradiction between the claims of the Government and the documentary facts. Let me refer to the sequence of facts in a chronological way.

It was on April 16, the Swedish Radio levelled the charge that payments were made to secure the order of Bofors' guns. On 17th of April, the Government of India made a statement that this charge was baseless and malicious and all the cliches which were used during the emergency period were repeated in that statement.

Sir, you should forgive my reference to myself. It was my humble self who made a statement from Hyderabad on April 19 that Mr. Win Chadha was the agent of Bofors. This statement appeared in the Press on 20th. Though I did not know Mr. Win Chadha, from Adam, he spoke to me twice to ask for my Mr. Win Chadha made a statement contradicting my statement on

22nd April. On 24th April, the Bofors company sent a communication to the Government of India in what it called 'Memorandum of Clarification' in which the Bofors made a confession that it had made payments to a Swiss company. The Government of India, the Prime Minister of India knew on 25th April, 1987 that the payment was made. The fact underlying the Swedish radio charge was then known to the Prime Minister of India on 25th April, 1987. But then, our Prime Minister speaking in a Conference of Army Commanders on April 27 denied the charge and asked the people to produce evidence. He asked the Members both in Lok Sabha and in Rajya Sabha on 28th April to produce a shred of evidence. When he was asking for all these, with his tongue in the cheek, the documentary evidence of payment was in his pocket.

Our young, handsome Prime Minister is popular for his disarming and charming smile. But we cannot afford to forget the warning of Shakespeare that a man may smile and smile and can still be a villain.

When did Mr. Chadha leave this country? Mr. Chadda left the country on May 8th(*Interruptions*).

I did not mean to say that all those who have a broad smile are villains. Some can be.

Sir, Mr. Chadha left the place, left India on May 8th. I said that he had a house in India, in Delhi. He had a Mercedes Benz car. He sold his cars, he sold away his house and he left the country on May 8th.

I would like to know from the Defence Minister whether Mr. Chadha is an Indian, if so, what kind of an Indian. Because there are many kinds of Indians. I am referring to a highly privileged, exclusive species called the Non-Resident Indians. Mr. Win Chadha, I am told - it is for the Defence Ministry to confirm or contradict - is a Non-Resident Indian. If so, the implications of this fact are far-reaching. He would then be beyond the pale of many Indian laws, including the Foreign Exchange Regulation Act and the Income

[Shri Jaipal Reddy]

Tax Act. If this is a fact, then why did the Government not take people into confidence? It looks as though our country is ruled by non-resident Indians and resident non-Indians!

SHRI P.R. KUMARAMANGALAM (Salem): And the agents of

SHRI S. JAIPAL REDDY: Did he want me to name the resident non-Indians?

Let me come to the series of claims of the Government which lie in a shambles all around us. What was the original claim of the Government? That no payment was made. This claim was contradicted by none other than the Bofors, the bribe-giver, as early as on 25th April assuming the powers that be, were innocent, did not know anything before that date - I am being generous.

Then, the case of the Government and the Prime Minister was that there were no middlemen. It has been proved that there were middlemen. What was the other claim? Well, the Swedish National Audit Bureau said there were no middlemen at the point of signing the agreement. This claim was made by none other than the Prime Minister. May I draw the attention of the Defence Minister to the affidavit filed by Mr. Win Chadha of Anatronics General Corporation in Delhi Court wherein he claimed that he entered into an agreement on 3rd January 1986 under which he would be entitled to a payment of Rs. 2 lakhs from Bofors every month? The agreement would be valid upto December 31, 1990. The total amount would come to Rs. 1.2 crores. Now, Sir, when was this agreement with Bofors; signed by the Government of India? It was on March, 23, 1986. I only would like to know from the Defence Minister whether he knows that Mr. Ajitabh Bachan purchased his celebrated flat in the luxurious suburb of Montreux, Switzerland on April, 4, 1986. Could the purchase of the flat be made within ten days of conclusion of Bofors accord without any co-relation? Would it be a mere co-incident? (*Interruptions*)

Sir, the Swedish National Audit Bureau suffers from two severe and serious infirmities. Firstly, the Bofors company did not supply all the details to the National Audit Bureau. Secondly and more importantly even the National Audit Bureau of the Government of Sweden did not give what all details they got from the Central Bank of Sweden. I would like to know as to why the Government of India has not pressed the Government of Sweden for a full audit under which neither the Bofors nor the Central Bank would be able to withhold any information whatsoever? Are you prepared to press for that inquiry? We could go ahead with our committee later on. Shall we pass a resolution in both Houses of Parliament calling upon the Government of Sweden to order a full audit?

Sir, who knows the names? Names are known to Bofors company. Names are known to Swedish Central Bank. Names are known to Swedish National Audit Bureau. Names are known to Swedish Government and Mr. Win Chadha. Where is Mr. Win Chadha? Mr. Win Chadha is in America. Mr. Win Chadha is at large. He is supposed to be at large for the Government of India and for our well-furnished Indian diplomatic missions in USA but he cannot be at large for the CIA. The CIA can catch hold of Mr. Win Chadha. I am afraid, Sir, the CIA knows the names of the people who received the payment. (*Interruptions*)

SHRI P.R. DAS MUNSI: Sir, how can he authoritatively say that CIA knows the names? This is a matter of concern for all of us to know. (*Interruptions*)

MR. DEPUTY SPEAKER: Let there be no interruptions. He is not yielding. Mr. Reddy, you please continue with your speech.

SHRI S. JAIPAL REDDY: Sir, very few people in any part of the world would betray their respective countries for money alone but most people betray their countries when they are blackmailed. Blackmail is the most subtle, surreptitious and dangerous weapon

in the hands of foreign disrupters.

Now, Sir, who are vulnerable, susceptible to this kind of dangerous foreign blackmail? The high Defence officials if they are involved, the highest political personages if they are involved, would be susceptible to the blackmail. So, Sir, it is not an ordinary case of corruption. If the ruling party needs money, Sir, I would rather prefer their taking money from Indian businessmen in Indian rupees. But their contempt for anything Indian is so absolute that they would not accept kickbacks also in rupees. Sir, whoever may raise such issues, their patriotic bona fides are called in question. I begin to wonder, Sir, whether anybody who does not have a foreign wife or a foreign account can call himself a patriot in this country. May I tell you, Sir,....

SHRI P.R. KUMARAMANGALAM: It is in bad taste. I object, Mr. Chairman, Sir. There is a limit to which you can use this. Either he should withdraw it or you should expunge it....(Interruptions).... Or we must also be permitted....(Interruptions)....

MR. CHAIRMAN: Order, order.

MR. P. R. KUMARAMANGALAM: It is totally in a bad taste....(Interruptions)..... It is very dirty. Stooping to such a low level.

SHRI P.R. DAS MUNSI: Mr. Jaipal Reddy should know that Nellie Sengupta was the head of the Indian National Congress movement and also Annie Besant...(Interruptions).... He should not act in this fashion. He should know.

(Interruptions)

SHRI H.K.L. BHAGAT: All of us are proud. He had a foreign wife. Are you blaming such people? What are you doing?

SHRI P.R. DAS MUNSI: It should be national history.

(Interruptions)

SHRI H.K.L. BHAGAT: How can you

blame highly patriotic Indians who had foreign wives? Some of your party people had foreign wives. What are you talking?

(Interruptions)

MR. CHAIRMAN: Order, order. Order, order....(Interruptions).....Please listen to me. Please listen. He has only made some general remarks. But the Hon'ble Member must avoid such insinuations.

(Interruptions)

AN HON. MEMBER: He must apologise for these remarks. He must apologise.

(Interruptions)

PROF. N.G. RANGA: It should be expunged. It would help both the parties.

(Interruptions)

SHRI S. JAIPAL REDDY: Though the expression I have used is not unparliamentary, but in deference to the sentiments of the Hon'ble Members, I withdraw it.

(Interruptions)

MR. CHAIRMAN: He has already withdrawn. Mr. Jaipal Reddy, you may continue.

(Interruptions)

SHRI S. JAIPAL REDDY: I was not referring to the import of Italian marbles to India....(Interruptions).

SHRI P.R. KUMARAMANGALAM: Again, this is an insinuation.... (Interruptions). This game of hide and seek should not be allowed.....(Interruptions).

PROF. MADHU DANDAVATE: If he refers to the ammunition deal with Italy or Austria, there is nothing wrong.....

SHRI S. JAIPAL REDDY: We have our reservations about this offer of a Parliamentary Committee for a variety of reasons. Firstly, on the very day, when this report of

[Shri Jaipal Reddy]

Firstly, on the very day, when this report of Sweden National Audit Bureau was released, the Government offered an enquiry by a House Committee. But the Government did not agree to call the Parliament session immediately. It wanted to buy time. If it was earnest about the business of House Committee enquiry, the Government would not have taken six weeks to call the Parliament session after the report from Sweden was received. This offer of a Parliamentary Committee was used to prevent high level delegation of Bofors from coming. The Political Affairs Committee decided that since the matter was being referred to a Parliamentary Committee, this delegation from Bofors was no longer required. It is very clear. The whole idea of a Parliamentary Committee is being used to whitewash. The question is whether we should become a privy to this futile and whitewashing process. The Government, as I mentioned earlier, has been making a persistent attempt to cover up the matter. So, I would refer to the various contradictions.

We met the Prime Minister on 17th June last, as Shri Chatterji pointed out, he wanted us to make our suggestions in a consolidated way. All the opposition parties made suggestions unanimously. We also stated at that meeting....

AN HON. MEMBER. Not all.

(Interruptions)

SHRI S. JAIPAL REDDY: We also said at that meeting that a meeting could be held between the Government and the opposition to discuss the draft so that an accord, an understanding, might be reached between the Government and the opposition before the Government motion on this question was tabled in the House. We are not for boycotting the Committee under any circumstances. If reasonable agreement can still be reached between the Government and the Opposition, in regard to the terms of reference, in regard to the composition and in regard to the special powers to be bestowed on the committee, the Opposition, I am

sure, will be willing to cooperate with the Committee. *(Interruptions)* Or in the alternative, the Government should say that they will find out the names of the recipients in a particular time-frame—maybe a month or two, because it is the duty of the Government to find out the names of the recipients. The context in which we originally asked for the House Committee was when the charge of the Swedish Radio that payments were made was denied. Now that has been acknowledged as a fact, the only limited point that remains to be determined is as to who received the payments. The payments were made abroad and received abroad. Unless the House Committee is constituted in a special way, the whole purpose and exercise will be defeated and frustrated.

SHRI G.L. DOGRA (Udhampur): Then, you spell it out.

PROF. MADHU DANDAVATE: We had given the terms of reference to the Prime Minister.

SHRI S. JAIPAL REDDY: Therefore Sir, it is not correct on their part to assume that we do not want to work on the Committee. We cannot work on the Committee, when we know that the Committee is being deliberately loaded and composed in such a manner as to produce no worthwhile report.

SHRI V.N. GODGIL (Pune): Sir, while listening to this debate, my mind went back to the debate that took place in this House on 6th April 1987, when we discussed the Fairfax deal. At that time, when a judicial commission, a tribunal was proposed, it was strongly opposed on the ground that a probe by a parliamentary committee would be better because there was always unanimity in all parliamentary committees. And Prof. Madhu Dandavate cited examples that even on politically sensitive issues, there was unanimity in parliamentary committees. Today we find that they are opposed to a parliamentary committee.

SHRI M. RAGHUMA REDDY: We are not opposing it.

SHRI V.N. GADGIL: You are. In effect you are opposing. They do not want a trial by a tribunal. They do not want a probe by a parliamentary committee. They only want political mileage out of it.

SHRI S. JAIPAL REDDY: We want to know the names.

SHRI V.N. GADGIL: I will not refer to the aspects which have already been dealt with. Nor will I go into the merits of the Audit Report, what it contained, what all are the terms on which they have been authorised and so on. These points have been covered by speakers who preceded me.

I want to draw the attention of the House to a more basic problem as to what this entire episode has done to this House. What has happened to the system? This is what is worrying me. During the last whole week, what had happened? Last weekend, I went to Nasik. I travelled by car for about a hundred miles. There, I could not see a single bit of greenery; a terrible famine is coming. But no champion of the kisans here got up and raised that issue. The only issue that he thought of was Bofors. (*Interruptions*) The Bombay Docks were closed for several days, with hundreds of workers without jobs, and crores of ruppes worth of property and production lost. (*Interruptions*)

DR. DATTA SAMANT (Bombay South Central): What is Government doing? (*Interruptions*) I have drawn attention to this, but no Motion regarding labour is being admitted. I have given a Calling Attention notice, but it has not been taken up. (*Interruptions*)

MR. CHAIRMAN: Mr. Datta Samant, please resume your seat.

DR. DATTA SAMANT: I have given Calling Attention twice. Government is averse to labour issues.

SHRI A CHARLES: What about Mr. V.P. Singh? (*Interruptions*)

MR. CHAIRMAN: Mr. Charles, please resume your seat.

SHRI V.N. GADGIL: I thought there was an agreement that we must discuss this matter....(*Interruptions*)

MR. CHAIRMAN: Nothing of what Dr. Samant says will go on record. (*Interruptions*)**

SHRI V. N. GADGIL: I thought there was an agreement that we will not disturb each other's speeches.

PROF. MADHU DANDAVATE: If you permit, I will only let you know that Mr. Indrajit Gupta's notice under rule 193 has already been admitted.

SHRI V.N. GADGIL: The point is what happens in the House. I might have given hundreds of notices. In the situation which prevails, these issues could not be raised, or allowed to be raised. What are we doing to the institution and to the system? As I said earlier, I am worried about that. What are we doing? (*Interruptions*)**

MR. CHAIRMAN: Nothing will be recorded. What Mr. Datta Samant says will not be recorded. (*Interruptions*)**

SHRI V. N. GADGIL: I cannot go on like this.

MR. CHAIRMAN: Order, order, Yes Mr. Gadgil. (*Interruptions*)

SHRI V. N. GADGIL: This Parliament has been regarded as the Third Estate of the realm, and it was always the glory and pride of this Third Estate that we raised people's issues here, and the Fourth Estate would carry the message to the people- whatever issue was raised or visualized by us in the national institutions. What was said in this Third Estate was carried by the Fourth Estate sitting here, and it carried them to the people of India. But now this distortion has come about, viz. the Fourth Estate does something, and it is discussed here: all the allegations made in the papers in the morning. In the morning, at the breakfast table, you read something(*Interruptions*)

MR. CHAIRMAN: Order, order.

SHRI V.N. GADGIL: In the morning you pick up a paper at the breakfast table, read something and rush to the Notice Office, give something(*Interruptions*) and raise those issues. This is how Parliament has started doing things...(*Interruptions*)

MR. CHAIRMAN: Whatever they say all will not be recorded.

(*Interruptions*)

SHRI V.N. GADGIL: I am seriously making a point not with a view to secure any debating point. I am not saying X or Y or Z member of this House; I am saying about the functioning of the House in recent days. If you look at the functioning of the House objectively, forgetting certain considerations, you will find.... (*Interruptions*)

MR. CHAIRMAN: Please, resume your seat. This is not the way to behave in the House.

SHRI V. N. GADGIL: It is clear that it will be risky in my view to proceed in this way, because if you take the experience of the House of Commons you will find that there are at least four instances where similar allegations were made on the basis of what appeared in newspapers and what it led to. I am quoting from a book written by James Margach, who was London Times Correspondent covering the House of Commons for 15 years. The first instance is this. On page 8, it says as follows:

"Where there had been excesses by a few, the Press as a whole has always been compelled to retreat."

He has quoted many instances, but I would like to quote only two or three instances. It further says as follows:

"The first concerned the original generation of Press lords, made vastly rich by the mass readerships created by compulsory education. In the 1930s they acted

as though they were more powerful than the elected government."

This is something similar happening in India now.

The second instance is this. It reads as follows:

"Twenty years later, in the Attlee era, the Press celebrated its Post-war release from controls and newsprint rationing by an unbridled campaign of screaming irresponsibility, in my experience-the worst period for the reputation and standards of journalism."

That is why, Prof. Madhu Dandavate will appreciate, Aneurin Bevan attacked "the most prostituted Press in the world." The result was the allegations made in Parliament on the basis of these reports proved to be entirely false. The third instance is this. This was in the time of Macmillan. On page 9, it reads as follows:

"Following the Vassall and profumo scandals, the Prime Minister and his Ministers were the victims of the most unbridled series of attacks and smears, with countless innuendoes about, secret scandals and cover-ups"

A tribunal was appointed. It further reads as follows:

"The Redcliffe Tribunal reported that they had investigated over 250 separate newspaper reports linked with the Vassall affair and that there was not a word of truth in any of them-not even after editors, news executives and reporters had been offered the protection of privilege under which to give evidence."

All kinds of allegations were made, Royal Commission found that the MPs were misled by the Press.

"The fourth occasion" a recent one, "the overall reputation of Press was discredited by."

SHRI S. JAIPAL REDDY: I am on a point of order.

(Interruptions)

MR. CHAIRMAN: What is this? He is free to raise a point of order. What is your point of order?

SHRI V. N. GADGIL: Is there any objection—can there be a point of order—for reading this?

SHRI S. JAIPAL REDDY: If you look at the List of Business today, we are not discussing a motion on the Press but on Bofors Commissions.

(Interruptions)

PROF. MADHU DANDAVATE: Why does he always mention things about the Press? *(Interruptions)*

MR. CHAIRMAN: I do not permit you. I do not permit you to raise any point of order. If you raise any point of order first of all you say under what rule.

AN HON. MEMBER: Rule 376.

MR. CHAIRMAN: That is only a general rule.

SHRI S. JAIPAL REDDY: What is the point he is making?

SHRI V. N. GADGIL: I know, it is not a motion on the Press. I know a little bit about this, what the Motion is about. I am coming to*(Interruptions)*

MR. CHAIRMAN: Please sit down.
(Interruptions)

SHRI V. N. GADGIL: This is the point—the point I am making is—that Members, knowledgeable Members of Parliament even in the House of Commons at least in four instances were hopelessly misled by what appeared in the Press and I see in the present tendency, the same kind of tendency, imitation of Western media percolat-

ing in our Press—gossip, rumour, whisper. In fact, the title of one column in one newspaper is "Whispers"! And, therefore what appears in the Press, and how it affects allegations made in Parliament is very relevant.

PROF. MADHU DANDAVATE: Why does he make allegations against the Press indirectly?

(Interruptions)

MR. CHAIRMAN: You are also making noise, let me say.

SHRI V. N. GADGIL: I started my adult life as a journalist and as a journalist I am as much concerned with the dignity of Parliament as the freedom of the Press. And therefore, there is some or certain responsibility on the Press which I point out. And the danger is, what has happened here, what has happened to the British Press? *(Interruptions)* Kindly listen. What happens when concentration of ownership develops in the field of Press and how it effects the allegations.

SHRI S. JAIPAL REDDY: Then you come forward with legislation to delink Press from ownership.

SHRI V. N. GADGIL: When we turn to the British Press, where eighty per cent circulation is controlled by three persons and the result is.... *(Interruptions)*

MR. SPEAKER: Order, order.

SHRI V. N. GADGIL: I am quoting from "Fourth-rate Estate: An anatomy of Fleet Street" by Tom Baistow"

"...Today the British read...some of the trashiest, most politically partisan papers in the world—half a dozen mass circulation tabloids, dailies and Sundays, which have brought British journalism down to the level of the sex and crime pulp magazine, exploiting the sensational and the trivial at the expense of the significant..... desperately trying to inflate their circula-

[Shri V.N. Gadgil]

tions by bigger and bigger bingo prizes flaunting their contempt for the impotent censure of the Press Council....."

They also indulge in, "...biased selection, suppression and character assassination."

This is the character of the Press. And on all these allegations which we are discussing today what do you find?— a press baron, a lawyer and a World Bank official turned journalist. I will not say anything more. And what it leads to? It happened in other countries. This is the warning I am giving to Members who tend to fall in the trap of making allegations basing on what appears in the newspapers.

SHRI SAIFUDDIN CHAUDHARY (Katwa): Now, please come to the point...(Interruptions)

MR. CHAIRMAN: Please keep quiet.

PROF. MADHU DANDAVATE: Water-gate was also exposed by the press !

SHRI V.N. GADGIL: As I said at the outset, I am not going to repeat various aspects of the audit report which has been referred to by my colleagues and from that side also. I will be merely repeating it. That is why, I want to deal with the broader question as to how it affects the systems and functioning of Parliament. And I think, it is very very relevant from the point of view of parliamentary democracy to which Mr. Bhagwat Jha Azad has referred.

I want to mention one very instructive episode in a book which is recently published. It is by an editor of "Sunday Times". One day he was sitting in his office. a telephone came.....(Interruptions) As I was saying, he was sitting in his office. His counterpart editor and owner of a German magazine rings him up that there is something hush hush, very secret. it is in the Swiss Bank, come immediately. He goes. They say that we have found secret diaries of Adolf Hitler; scoop of the century. A scientist, a lawyer and an investigative journalist were

taken there. They looked to the cover, the binding, the paper, the signature, the text. Everything is scanned. Then a renowned professor.....

AN HON. MEMBER: Prof. Dandavate.

PROF. MADHU DANDAVATE: Do not term me as renowned.

SHRI V.N. GADGIL: A renowned professor of history, whose best book was "Last days of Hitler", Hugh Trevor-Roper, an expert on German history, was called. He came there. He saw it. He was satisfied. Within three or four hours he gave the judgment—a judgment that is sought to be given now—that these were Hitler's genuine diaries. "Sunday Times" came with a front page scoop of the century, what trouble it had taken, how many dollars it has paid, what negotiations went on— beautiful cover story. Within a day—and a half, the truth came out when they went to the Swiss Bank from where the diary was taken. The real diary was not shown. The binding turned out to be the post-war binding and the paper turned out to be the paper manufactured after the second world war, the signature in the diary and the signature of Hitler did not tally, the hand-writing did not tally. Then the professor wrote a front page article in the "Sunday Times" saying that 40 years of reputation of a historian had gone to mud; 40 years of scholarship had gone to dogs. I want to quote one sentence from the article which he wrote. "I allowed exigencies of journalism to override my judgement as a professional historian." Let not future generation say about us that because of exigencies of party politics, we allowed to override our duties as M.Ps. to find out what is the truth. Let not generations unborn pass this judgement about us.

PROF. MADHU DANDAVATE: Sir, this is a message for the Prime Minister also.

SHRI V. N. GADGIL: For everybody, including you, particularly you. Therefore, Sir, I was saying that what should worry us is the functioning of the system, what consequences it will have on the people of this

country....(*Interruptions*). You may get headlines. I do not grudge. You may get headlines tomorrow. You may have one week's campaign among the people. That also is very legitimate.....(*Interruptions*)

Sir, I am a firm believer in the role of Opposition in a parliamentary democracy. The Opposition has a role to play. The role of the Opposition, I concede, is to oppose, to expose and to depose the government. I agree. But let them do it on their own and not at the promptings of some newspapers or others. That is the point I am making.

17.11 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

Let them at least occasionally go to other issues, more basic issues, and the best I can do before I conclude is to quote someone. I will tell you who he is:

"Our efforts should be to create a sense of reliance among the people and that would depend upon how sincerely we approach them and how interested we are in the issues that are basic to their problems. Because many issues can evoke a certain response from sections of the society, but the poor man is more concerned with the problems that he is facing in his day-to-day life. Unfortunately, those problems have not agitated many people.

Today the whole concentration is on corruption. For that, you don't need any agitation, because I think, by and large, the people have begun to believe that corruption is at all levels. But this will not give the necessary inspiration to the people to bring about a social transformation. For that we will have to address ourselves to the problems of drinking water, of malnutrition, of disease, of illiteracy, of unemployment."

This is Mr. Chandra Shekhar of Janata Party. He says corruption is not the basic issue. The basic issue is this. I will only appeal to them that don't listen to us. I do not mind. But at least listen to Mr. Chandra

Shekhar. They are more basic issues in the House. Bofors for one day is all right but we have to run the whole session. If you persist in making everyday Bofors, then this will not be a grand forum of the nation which it is supposed to be, but it will descend to a school of scandals. Let it not be reduced to muck, mud and mire. That is not the place of this House. The place of this House is much higher, to provide a grand forum to the national, a grand platform for the nation. My appeal to all including the Opposition, is that let us do that duty to the people of India.

SHRI P. KOLANDAIVELU (Gobichettipalayam): Mr. Deputy Speaker, Sir, as soon as the Audit Bureau's Report was received, immediately the Prime Minister came to the rescue of the Opposition and asked the Opposition leaders to come for a meeting on the seventeenth June, 1987....(*Interruptions*). Why not? I have got every right to speak.

On 17th June, 1987, the Prime Minister convened a meeting of all the leaders of the Opposition. In that meeting he had categorically stated-

'whosoever he may be, whatever position he may be holding, the guilty will be punished severely.'

These are the words uttered by him in the meeting of all the leaders of the Opposition. We are all believers in democracy. We have to discuss about adoption of the Motion by the Defence Minister - has it to be adopted or not?

Just like any other Parliamentary Committee, this Committee too is going to be constituted. If the Committee is being constituted, it must be an effective Committee. It must have more powers. It must go in details with regard to the kickbacks which have been received from Bofors. That is the main point here.

More than three hours have been wasted by discussing it. We have elaborately, in detail, discussed this matter from April onwards. When we are discussing this mat-

[Shri P. Kolandaivelu]

ter, I want to point out, and I would request the hon. Minister to make the Committee more effective and it must be armed with all the powers. That is all.

SHRI INDRAJIT GUPTA (Basirhat): This Motion moved by Shri K. C. Pant.....

SHRI ABDUL GHAFUOR (Siwan): Why have the Opposition Members left when you started speaking?

SHRI INDRAJIT GUPTA: Because no more muck, mud and mire is there. So long as that is there the House is full. (*Interruptions*) The former Minister of Information and Broadcasting referred to the evils of concentration of ownership of the press. I agree with him. But concentration of political power, concentration of economic power, concentration of black money power are not less evils which he did not refer to.

PROF. N.G. RANGA: There is dictatorship everywhere.

SHRI INDRAJIT GUPTA: This Motion has been moved by Shri K.C. Pant. My main objection to it is that it tries to narrow down, absolutely patently tries to narrow down, the whole scope of this proposed enquiry by the Parliamentary Committee substantially to only one point and that point is to establish the identity of the persons or agencies or firms who received the following payments.

I submit that I am very much conscious of the fact that this is the first Committee of this kind in the history of our Parliament. That is the fact which should be borne in mind solemnly by all members in this House. It is not an exercise which can be lightly disposed of either way, because I am conscious of the fact that if this Parliamentary Committee cannot do its job as it should be able to do, it will set a precedent which holds no good for Parliamentary Committees in future, Parliamentary Committees of this type- Commissions of Enquiry. Therefore, the first thing I doubt very much the would say is that is it the job of this Committee only to find out, if it possibly can which I doubt very

much the identity of the parties concerned who took these payments? And that is the end of the Commission of Enquiry. Let us first of all consider this point. Many members have spoken on it. I need not dilate on it. Unless Bofors is willing to disclose the identity of the people who were paid, whether parliamentary Committee can possibly find out the truth. I do not understand. the Swedish Audit Commission's Report and the Swedish Government's note attached to the Audit Commission's Report also makes it quite clear, that nobody can disclose the identity of the people who took this money except Bofors, if they are willing to come out with the truth. So far, they have refused on some plea or other, commercial confidentiality or confidentiality of the parties concerned. Whatever it may be, their attitude is one of non-complying with our request that they should tell us who was paid. Now, the terms of reference of Mr. Pant's Motion are confined only to this one point, that is, to find out the identity of the people who took the money. I say for this, Parliamentary Committee is no longer necessary. If Bofors is willing to make a clean breast of it, then this Commission, this Enquiry Committee, is not required and if this Committee is set up, how is it going to compel Bofors to come out with the truth? So, this seems to be a still born Committee. From the very beginning if these terms of reference are going to be confined only to this single point, then I am not satisfied with this and I do not think that this is the way that a Parliamentary Committee should work. A Parliamentary Committee is not like any other Committee. It is a very high level type of Committee which should cut across our party barriers also. It is not a Committee of any one party or two parties. The Committee is representing the entire Parliament. Therefore, I would say that Mr. Pant in his statement he has made today has stated like this. He addressd a letter to Bofors on the 16th of June 1987. We called upon Bofors to furnish us within a fortnight full information in respect of points, 1,2,3,4 and 5. The points are mentioned. Bofors may not tell us anything about these five points. I would have been happy if these five points were incorporated in the terms of reference. He has formulated them very well.

(1) the precise amounts which have been paid and the amounts which are due to be paid by Bofors by way of commission, secret payments, etc. in connection with the Indian contracts;

(2) the recipients of such amounts whether they be persons or companies and in the case of the latter, their proprietors and President;

(3) the services rendered by such persons or companies with reference to which such amounts have been paid.

What has the amount been paid for? They rendered some service to Bofors. What was that?

(4) copies of contract, agreements and correspondence between Bofors and such recipients; and

(5) all other facts, circumstances and details relating to these transactions in their possession.

Well, these are very important matters into which this Committee should be asked to probe, though with what degree of success, I cannot say and this is not confined only to the question of identity of receivers of the money. There are so many other points involved in it including a very obvious one. What was the service which they rendered in exchange for getting this payment? Should we not know? Even that is not there in his Motion.

Then, Sir, he has said in his statement that according to him there are two variations of substance in the terms of reference of the Joint Parliamentary Committee as proposed by the Opposition and those contained in the Motion. This has been referred to by my friends here. He says that the suggestion is to review all defence contracts concluded in the past seven years and more. We never asked for that. But I will tell you what we asked for and I am still asking for it in this House. I forget the date now. The then Minister of State for Defence Mr. Arun Singh

made an elaborate statement maintaining that since 1980 when Shrimati Indira Gandhi came back to power, very strict procedures, parameters and principles had been laid down in the case of acquisition of any defence equipment from abroad. He detailed here— I thought it was a very cogent and a very illuminating statement which he gave of how if any piece of defence equipment has to be bought from abroad what are the various stages and steps of procedures, of parameters, of principles, of safeguards at each stage which have to be gone through before any such purchase is carried out. Now, what we want to know here is— Are we not justified in wanting to know whether negotiations with Bofors which started in 1977, and were concluded only in 1986, whether these negotiations were in conformity with those, according to Mr. Arun Singh, strict procedures, parameters, principles and safeguards which had been laid down for every stage? Did they conform strictly to those guidelines or has there, at any stage, been any deviation? We must know this. You were negotiating for so long, for 9 years. That is why we have raised the question in 1987, not to know about every Defence contract which has been entered into since 1980, but to know whether Bofors deal strictly conforms to those approved procedures, practices and parameters and all that. We must know that.

SHRI K.C. PANT: Sir, the language is:

"to examine the Government policy and decisions in relation to purchase and procurement of Defence equipment, stores and ancillaries since January 1980 and procedures laid down from time to time for purchase of such equipment and stores in pursuance of GSR."

That is not restricted to Bofors at all. That is a fishing expedition. This is what I said.

SHRI INDRAJIT GUPTA: Sir, in the motion standing in my name, List No. 5, you will find that after that paragraph which Mr. Pant has read out, the next paragraph (b) says:

[Shri Indrajit Gupta]

"to examine whether the purchase of Howitzer 155 MM guns from the Swedish firm Bofors was in conformity or not with the above mentioned policies and decisions."

SHRI K.C. PANT: First is (a). Then you come to (b).

SHRI INDRAJIT GUPTA: All right, that can be amended, the decisions part of it can be changed into procedures, policies, parameters, whatever you like. The meaning of it should be understood. It is not difficult to put it in words which convey the sense properly. So, that first objection of Mr. Pant is not correct. The second is, of course, regarding the demand that the Opposition has made that this Joint Parliamentary Committee should also examine the allegation in regard to payment of commission in the purchase of submarines from West Germany. Why did we put this? A part from that, before these things came to light the Government, the Prime Minister and other representatives of the Government had been stubbornly denying that there has been any payment, any middleman, any kick back and all that. Apart from that.....(*Interruptions*). That is your headache now, not mine, because once it is being established that such things had been happening on a big scale, the cloud of suspicion which has been created in the country the cloud of suspicion in the public mind is not hovering over my head, not our heads. It is hovering over your head. If you are interested that that cloud of suspicion should be dispersed, you must not give any impression that you want a truncated terms of reference which will permit you to cover up many other things.

Now, Sir, it was said that because of the Audit Report of Swedon, a *prima facie* evidence was available; therefore, after that we immediately decided to have a Parliamentary Committee. But I want to know about the submarine deal. Is it or is it not a fact that the information was conveyed by the Government of the Federal Republic of Germany to our Indian Embassy in Bonn and the India Embassy in Bonn sent that mes-

sage through a talex to our Government here stating that some amount of Rs. 30 crores or something has passed hands as kickbacks in this deal. I should say that in that case either the Government of F.R.G. has misled us. Now you say, 'they say that there may have been some misunderstanding.' What is that misunderstanding, I would like to know.

SHRI K.C. PANT: So would I.

SHRI INDRAJIT GUPTA: Or, the Indian Embassy in Bonn has not understood what it was told to transmit, or it transmitted a wrong message, in which case, they should be pulled up. But if this chain of information which was at that time reported was correct, then in that case also, all that remains to be found out is, according to Mr. Pant's logic, that which is the party which swallowed that Rs. 30 crores as kickbacks in the Submarine deal. Why can't this committee go into this? It is much less complicated than Bofors.

SHRI K.C. PANT: There is a difference. HDW is a public sector undertaking and it is directly owned by the State Government plus the Central Government of Germany. So, there is a difference between these two. But inquiries must be held. I am not saying inquiries should not be held. But they have reached a certain point. There is a difference between the stage at which Parliamentary Committee was thought justified in Bofors case and the stage to which inquiries have gone into in this case. Those differences are there.

SHRI INDRAJIT GUPTA: I follow these subtleties. But I am saying, we should be more interested because, an aspect has been added to it by the fact that it is reported that these submarines for which we have contracted, the blueprint of those same submarines has been sold or transmitted by that same company to the South African Racist regime. This is not a thing which we should relish. It is a thing from which we should recoil. It is a repugnant idea. And the whole world will get some kind of information, may-be wrong, may-be exaggerated, may-be coloured, saying that subramines which have been sold to the South African

racist regime have been contracted for by the Government of India to buy for her own Navy. So, we should be more interested in finding out who came in between and took this kickback. Any-way, that is why, we have put this point forward. But Mr. Pant who is doing his research work on our substitute motion has discovered only these two points which according to him, are substantially different to his motion. Well, I will try to show that this is not much of a difference except that either you include the submarine deal or you do not, which is a different matter. We cannot compel the Government. But if that matter is not cleared up also, I thought it was a good opportunity, since the Parliamentary Committee was being set up, it is a good opportunity that both these matters should be given a look into. If you do not want to do it, you do not do it. It will be kept hanging. That will have to be cleared up. That question mark is there in the minds of the public. You cannot dispel it just by leaving it to some departmental enquiry or something like that.

Now my next point is that in this report, which we have received from the Swedish Embassy, they have said:

"However, in his letter to the Indian Ambassador of 25th April, 1987, A.B. Bofors has verified that payments had been made during the specified period. Furthermore, they confirm that they were related to the F-11-77 deal but concern payments to a Swiss company."

This is a mystery. Is it not a mysterious thing? That payments were made which were related to this Howitzers deal but the concern makes payments to a Swiss company. So, you may not be able to find out where the money has gone and if it is in secret accounts in Switzerland, I believe. You should also have told us, what are the findings of that so-called high-power delegation led by the Deputy Governor of the Reserve Bank which has just been sent to Switzerland to talk to the Swiss Bank and negotiate whether there is any way of making or entering into treaty or having some kind of understanding with them. Any-

way, you have not said anything about that. But it is not a question of Swiss Bank. It says, it has made payments to a Swiss company. the question is, what company, owned by whom? Is it some company owned by some non-resident Indian in Switzerland? We do not know. Do you know? Have you bothered to try to find out?

SHRI K.C. PANT: Yes, we have. That is the one you have read out. That is very specifically the question posed to Bofors.

SHRI INDRAJIT GUPTA: No, no. The identify of the company, I am asking. Is it Lotus, tell us?

SHRI K.C. PANT: A person or company?

SHRI ABDUL GHAFOOR: It may be Swedish company, in order to get rid of income-tax.

(Interruptions)

SHRI INDRAJIT GUPTA: The Swedish radio which, of course, I do not also consider to be a hundred per cent reliable, what game they were up to, I do not know. But we must remember this. The Swedish radio had made an allegation which was quoted on Reuter from Stockholm saying that a big payment, between 16 to 20 million dollars was made under cover of an operation - code-named "Lotus" which was paid during the last two months of 1986 into secret account of the Swiss Bank Corporation and when Bofors was asked about this, they said, this report from Sweden says:

"When Bofors was asked about it, senior company sources were not prepared to comment on it".

They did not comment on it. They did not affirm it. They did not deny it. They refused to comment. they said "No comment." A cloud of suspicion has not appeared out of nowhere, out of the blues. There are many things. Some may be false, some may be exaggerated and some may be motivated. But now when the Audit Report has come out, it is known that money has been paid. It

[Shri Indrajit Gupta] has changed hands. The whole thing cannot be brushed under the carpet like that.

The middleman business has been discussed here sufficiently. Everybody is now harping on one point that, at the time of signing the contract, there was no middleman. Before that, was there any middleman? "We do not know". After, was there any middleman? "We do not know. When we sat down at the table to sign, there was no middleman hovering about."

Bofors also said "it was a direct deal between the Bofors and the Defence Ministry of the Government of India." But that, in a sense, is worse. It puts things in the worst light. It leads to more misgiving. It said "There was no middleman involved."

At the same time, 50 crores or something has passed hands. Then, negotiation was direct between the company and the Defence Ministry of the Government of India. But who took the money? It cannot be a commission, in that sense. It may be just a straight bribe. We do not know.

That is why I want to know that when you have for so many years been inspecting and negotiating with so many companies, at least 4 or 5 companies, then you short-listed it to two only, the Swedish gun and the French gun. Then further negotiations went on. After all, there are foreign firms competing with each other to sell you their guns, it is a big order, which means a big benefit, income, for those companies.

Then over a period of 7 or 8 or 9 years, when so many companies, in France, Sweden, U.K. and Austria, their guns are being examined by you, by your Price Negotiating Committees and your other Committees are there, the technical committees, and naturally these companies are mutual competitors, each wants to get the order, then, will this parliamentary committee be empowered? I do not know because there are no hard and fast rules laid down anywhere and if the whole thing is left to the discretion of the speaker, it is a different matter, I do not know

what you propose to do when you say the same rules as govern other committees will apply here.

For example, there was a Price Negotiating Committee consisting of Defence Secretary; Secretary, Defence Production and supplies; scientific Adviser to the Defence Ministry; Secretary (Expenditure); Additional Secretary, Economic Affairs; Financial Adviser, Defence Ministry and the Deputy Chief of the Army Staff.

Quite high-powered seven people who were on this Committee, whose job was to go round and talk to all these different companies and to bargain as far as prices are concerned and also to look into the technical competence of this equipment.

Will the parliamentary committee be permitted to examine these gentlemen, if they want to?

SHRI SHRIPATI MISHRA (Machhli shahr): Yes.

SHRI INDRAJIT GUPTA: I do not know. Please tell me. I am not going to, probably, in any case I would not like to join a Committee which is not permitted to go into these things. Then, what is it all about? I have not got anything against any official. But since they were so closely connected with this whole purchase deal lasting over so many years and negotiations and all that, if we feel, if the Committee feels that there are some very relevant questions which should be addressed to the members of this price negotiating Committee, will we be permitted to examine them? I do not know. What about the Ministers concerned? Will we be permitted to examine them? Can they take shelter under some oath of secrecy that they have taken at the time of assuming office and say: we cannot disclose these facts because they have something to do with the national security. They might always argue that. What happens in that case? Will all necessary relevant documents be made available to this Committee if they ask for it? There is an Official Secrets Act. There is something else. I do not know. I want to know: what is

the status and what are the the powers of this Committee going to be? Just a Committee you set up with 21 members and you say please go and find out who are the people who took the money. That is the end of the matter. This is no Committee, in my view, at all. It is a caricature of a Committee.....
(Interruptions) It is a caricature of a Committee. I may say also incidentally that in Mr. Pant's Motion, I do not understand why this Clause (ii) has been put in: "to inquire into and determine the India laws, rules and regulations which were violated by the concerned persons for receiving payment." Why should the Committee try to find out the laws? This is not a legal Committee. This is not the Legal Department of the Ministry of Law. If it is established that such and such people have taken this money, then whether it is possible to prosecute them or not under our existing laws, I think the Government should be sufficiently well-equipped to be able to do that, to make up its mind. Why should this Committee be saddled with this job that we have to read all the Indian laws again in order to find out under which law they have to be prosecuted?

(Interruptions)

PROF. MADHU DANDAVATE (Rajapur): The Committee can find out what the law is.

(Interruptions)

THE MINISTER OF DEFENCE (SHRI K.C. PANT): Why do you want the Attorney-General to come to you? Is the Attorney-General going to come to you for legal advice or for something else? You have asked for it.

(Interruptions)

SHRI INDRAJIT GUPTA: We have asked for it.....

(Interruptions)

SHRI K.C. PANT: How are you interested in the legal aspects? That is not relevant.

SHRI INDRAJIT GUPTA: Mr. Pant, you are not agreeing to the Attorney-General's coming.....

SHRI K.C. PANT: That is not the point. The legal aspects are in your mind also. Otherwise, you would not have asked, in your Amendment, for the Attorney-General to come.

SHRI INDRAJIT GUPTA: We have asked because we are not lawyers.

SHRI K.C. PANT: I know.

(Interruptions)

SHRI INDRAJIT GUPTA: There may be one or two lawyers. We are not lawyers.

SHRI DINESH GOSWAMI (Guwahati): We have asked the Attorney-General's presence because in case the point is taken that certain documents are confidential and again be examined, then the interpretation of this Committee's powers in the light of the Motion accepted, will be necessary and who can give the interpretation except the the Attorney-General? The highest authority will be the Attorney-General.

(Interruptions)

SHRI K.C. PANT: Therefore, legal aspects will be taken into account and therefore you want the legal aspects to be also looked into.

(Interruptions)

SHRI INDRAJIT GUPTA: How can the Committee give legal opinion?.... *(Interruptions)*. Mr. Deputy Speaker, Sir, how is it that a Committee consisting predominantly of non-layer MPs, I take it, is expected to give a legal opinion as to under which law such people can be prosecuted or not. Why should you not put it in the terms of reference?

(Interruptions)

SHRI DINESH GOSWAMI: That is why we have asked for the Attorney-General.

(Interruptions)

SHRI INDRAJIT GUPTA: For that matter, Sir, will the Committee be empowered to take the help of the CBI if it wants something to be found out? Will this Committee, a Sub-Committee of this Committee, be allowed, if necessary, to go to visit Sweden to talk to some of these people? I do not know. There is nowhere written 'yes' or 'no'. Before this proposal is put to the Opposition, all these points have to be cleared up. That is why we have asked for a discussion. Before bringing it up, on the floor of this House and having shouting and counter-shouting, it would be much more civilised and cultured procedure to have a discussion between the Government and the Opposition where we would have raised all these points.

SHRI K.C. PANT: But the culture has come on the 8th day.

(Interruptions)

SOME HON. MEMBERS: No, no.

(Interruptions)

PROF. MADHU DANDAVATE: You do not know. Check up your records. You do not know the facts.

SHRI K.C. PANT: For 7 days, you had been shouting.

SHRI INDRAJIT GUPTA: That was not on this issue. You know why that happened. You know you had to revoke that thing later on.

Another point which I consider to be very relevant to this whole discussion, if you look at it in its comprehensive aspects, is this. I had raised this point earlier, in the previous debate, but I did not get any satisfactory reply from the Minister. This contract which, we were told, was worth Rs. 1410 crores - I am subject to correction....

SHRI K. C. PANT: Rs. 1400 crores plus.

SHRI INDRAJIT GUPTA: On the 20th April, in this House, Mr. Pant made a very detailed statement running into some six pages, and on page 4 of that statement, towards the end, he had summed up the achievements of this contract, what the country has achieved by having concluded this contract. He gave three items of these achievements. The first, he said, was: "Technically we have got the most preferred weapon system". Maybe, I do not know; I am not a technical man; I take it at that. The second was: "We got it at a cheaper cost than the closest competitor." This is what he has said. The third was: "We got a price reduction from the original bid which was based on June 1984 prices plus escalation and we converted it into a fixed price contract". These were the three achievements. I had asked a question, and I ask it again now: is it deemed to be an achievement or not an achievement for a country like ours if, through this contract, within the umbrella of these Rs. 1400 crores or whatever it is, we also get the technical knowhow which will enable us to manufacture this gun indigenously? He has not mentioned this as an achievement at all here. Therefore, I had asked at that time 'whether the value of the whole contract includes or excludes the cost of the technical knowhow which is required in order to manufacture that gun subsequently here in our own country'. There was no reply. He may give some reply now, perhaps, Why did I ask this? Because, in case this amount of money which we have contracted to pay to Bofors does not cover that entire technical knowhow, then it means that a further contract will have to be made, a further commercial contract will have to be entered into, with Bofors for the technical knowhow in case we are interested in setting up production facilities for making the gun here. Then, we do not know yet how much, altogether, the bill is going to be and whether there is going to be anybody asking for a commission on that extra amount also. All these things, we must know. We should be taken into confidence if you want to treat it as a serious Parliamentary Committee which

has never been set up in the Indian Parliament before. It should be a serious matter on a higher status, at a higher level. I regret, here, to some extent, it is still being treated as- maybe, on both sides-a matter of party rivalry or party opposition. This way, no Committee like this will ever work. Therefore, I would say that the terms of reference must include an item referring to Mr. Win Chadha. There is nothing about it. There is an Agreement entered into-the whole text has been published-between Bofors and Mr. Win Chadha. It has been referred to here by so many Members. Not only that point; if the whole Agreement had lasted for the whole period, i.e., upto December 31, 1990, even then Bofors would have had to pay, at the rate of Rs. 2 lakhs per month, only Rs. one crore and 20 lakhs to Mr. Win Chadha. Now, are we expected to believe that that amount of Rs 40 crores or Rs. 50 crores, whatever it is, was given to Mr. Chadha as winding-up costs when the company had only to pay him Rs. one crore and 20 lakhs for the whole period of the Agreement? Somebody else has taken that money. Further, what were Mr. Chadha's services, we would like to know, apart from booking hotels, sending telex messages, hiring a car for Bofors officials when they came and all that. For this he was being paid Rs. 2 lakhs. There is a clause in this agreement. It is here, Clause No. 5 and I quote:

"Bofors agree during the life of the Agreement and thereafter to treat all information received from the administrative consultants in connection with the administrative consultants' performance of this Agreement as strictly confidential and for its own use."

This throws a different light on this matter. Not only that he was receiving this monthly amount from Bofors in order to provide them with some administrative services but then he was also providing some information from this country to Bofors which Bofors, under this Agreement has pledged to keep confidential and secret. Considering the way that we have dealt with Win Chadha, I would not be surprised if a great deal of information

which is undesirable from our security point of view has been sent out of this country to Bofors by Mr. Chadha who obviously was an agent of long experience and standing and probably had access here in Delhi to many highly placed people; to many departments and corridors of powers from where he was collecting information and sending it out to Bofors. And Bofors said: "we will keep it strictly secret and confidential." We did nothing about him. We allowed him to get out from the country. We could have impounded his passport earlier. What is the use of impounding his passport when he is abroad? And now you are pathetically putting a notice in various newspapers in America saying "come ack Mr. Chadha, come back, you are required here, please come back." Why should he come back? He has disappeared. He has either gone underground.... *(Interruptions)* Our diplomatic establishments in the USA should also at least be asked once that when this gentleman came with his son to your consular's office in order to get his attestation on his papers, you knew who he was; you knew about this whole hullabaloo that is going in about Mr. Win Chadha. His service was performed for him and he went away and disappeared. Nobody knows where he is now. His address is not known. Nothing is known. This is the way we carry out our measures against all these security leaks. These things are going on. Why should not a term of reference be included suitably worded about the role played by Win Chadha. What were his services? What was he doing and how much he was paid and who is responsible for his running away from this country and we could not try to stop him? Who is to take the blame and the responsibility for that? Nobody. Then what should this Committee do? It must look into all aspects of this unsavoury affair. Its job is not only to detect the names of two or three people who might have taken the money. Finished. Where the money has gone, nobody knows. whether it is in the Swiss bank or whether it is lubricating some Swiss firm which is founded in Switzerland....*(Interruptions)*

AN HON. MEMBER: It is in Bahamas.

SHRI INDRAJIT GUPTA: Let him go to Bahamas or Hong Kong or anywhere. We do not know.

So, Sir, I do not want to take up more time. My point is, I agree with Mr. Jaipal Reddy that we are basically, on principle, not interested in boycotting the Committee but it is not a question of any and every Committee. This is a special Committee. It should have its own status, powers, its own dignity and its own high responsibility for the whole country. Something is involved which the whole nation and the entire public will be watching. If the opposition decides ultimately, if Mr. Pant cannot satisfy, that it won't serve any useful purpose for us to be on that Committee then it will be a 100% All India Congress Committee. Then that also you should think about. What kind of an image it will present to the country? What will people think? I think for the very success and credibility of this Committee, the Government also should be interested in associating the Opposition with it, so that it really looks like a Parliamentary Committee. We had put forward certain proposals which we considered to be very reasonable. If you had discussed it with us round the table, we might have also been able to narrow down many of the differences. But you said nothing doing. It has to be elected and passed in the House; and finished. Take it or leave it. If that is the attitude, then we won't take it, we will leave it.

What do we gain by going into this? Then people would say later on that nothing came out of the Committee and you fellows also went into it and became colluding partners with these people in order to hide things. I am not willing to go in for that kind of a thing.

So, please consider these matters. Think over it. I am serious about it. It is not just a question of scoring some debating points. I think the whole country, even the whole fourth estate, which Mr. Gadgil was so harsh about, will play a role here. Those parts of the fourth estate which he has in mind need not be provided with additional ammunition by the Government's foolhardiness so that it will land us further in difficulties and compli-

cations.

I hope the Government will come forward with some constructive response to what the Opposition has put forward.

SHRI P.R. KUMARAMANGALAM (Salem); Mr. Deputy Speaker Sir: First of all I think I should say I am grateful to Mr. Indrajit Gupta for at least an attempt has been made to raise the level of the debate from a slanging match to really look at the problem objectively. I would like to look at this issue not technically or going through any hair-splitting exercise of the various clauses and interpretation of the Motion placed before the House.

I request Mr. Indrajit Gupta and Mr. Jaipal Reddy, if possible not to run away before 6 O'clock.

The issue really is not one to be taken very lightly. I join issue with Mr. Indrajit Gupta to the extent that this is a very serious matter. An allegation has been made by a foreign media agency and a foreign radio agency saying that in the purchase of Bofors guns, bribes have been paid to Indian political leaders and officials—a very serious allegation for which there were denials by the Company which is alleged to have paid the bribe and by the Government which stood guarantee indirectly that this should not happen.

SHRI DINESH GOSWAMI: Let us continue the debate tomorrow Sir.

SHRI P.R. KUMARAMANGALAM: That is the problem. I am also trying to wait till 6 o'clock to get a chance tomorrow.

MR. DEPUTY SPEAKER: Let him speak upto 6 o'clock and continue tomorrow.

(Interruptions)

SHRI P.R. KUMARAMANGALAM: I am trying to make a point which I think would be of interest to many of you. The allegation is basically based on a point that those who are decision makers obviously have made a little

money on this deal-if not directly, indirectly. Well, if they wanted to make money on this deal I think the best possible method would have been to have gone through the process of a middleman. I think, the Hon. Defence Minister would correct me if I am wrong, the original offer from Bofors was somewhere around Rs. 1900 crores and plus and the contract was signed at about Rs. 1400 crores and plus. It obviously means that Rs. 500 crores less was the final bill in comparison with the original offer which had the middleman continued.

Mr. Deputy Speaker, Sir, if the Government of India or anybody in the political leadership wanted to make money, there was definitely a larger slice to be had from Rs. 500 crores which was saved by the exclusion of the middleman. So if we wanted to make money then we could have made Rs. 500 crores. (*Interruptions*) After all, middleman and agents in commercial transactions are common factors especially when private companies come into the picture. It is we who insisted that middlemen/agents should be done away with in order to save money for the country. We have actually saved Rs. 500 crores. That is not noticed. Instead innuendos and insinuations to create a cloud of suspicion is the method adopted by the Opposition.

MR. DEPUTY SPEAKER: The hon. Member may continue with his speech tomorrow. Now, Shrimati Sheila Dikshit.....

18.01 hrs.

PAPERS LAID ON THE TABLE

[*English*]

Indo - Sri Lanka Agreement

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT): Sir, I, on behalf of the Prime Minister, beg to lay on the Table, a copy of the Indo-Sri Lanka Agreement (Hindi and English versions) signed in Colombo on July 29, 1987 and letters exchanged by the Prime Minister with President Julius Javewardene. [Placed in Library. See No. LT-4553A/87]

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

18.02 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, August 4, 1987 Sravana 13, 1909 (Saka).