

12.32 hrs.

LEAVE OF ABSENCE OF MEMBERS
FROM SITTINGS OF THE HOUSE

MR. SPEAKER : The Committee on

Absence of Members from the sittings of the House in their Tenth report have recommended that leave of absence be granted to the following Members for the Periods indicated against each :

(1) Shri Kamalnayan Bajaj	17th March to 14 May, 1969 (Seventh Session)
(2) Shri Mahadevappa Rampure	2nd April to 16th May, 1969 (Seventh Session)
(3) Shri Viren Shah	24th March to 14 April, 1969 (Seventh Session)
(4) Shri V. Y. Tamaskar	17th February to 16 April, 1969 (Seventh Session)
(5) Shri C. K. Bhattacharyya	28th March to 16 May, 1969 (Seventh Session)
(6) Shrimati Sucheta Kripalani	18th April to 16 May, 1969 (Seventh Session)
(7) Shri N. Dandekar	15th April to 16 May, 1969 (Seventh Session)
(8) Shri R. K. Birla	28th April to 16 May, 1969 (Seventh Session)
(9) H. H. Maharaj Brijendra Singh of Bharatpur	22nd April to 16th May, 1969 (Seventh Session)
(10) Shri S. R. Rane	17th April to 16th May, 1969 (Seventh Session)

I take it that the House agrees with the recommendations of the committee.

SEVERAL HON. MEMBERS : Yes.

MR. SPEAKER : The members will be informed accordingly.

12.32½ hrs.

STATEMENT RE : REPORT OF INTELLIGENCE BUREAU ON USE OF FOREIGN MONEY IN THE LAST GENERAL ELECTIONS AND FOR OTHER PURPOSES

Mr. SPEAKER : Shri Y. B. Chavan.

THE MINISTER OF HOME AFFAIRS (SHRI Y. B. CHAVAN) It is a rather longish statement.

Mr. SPEAKER : He may place it on the Table of the House.

SHRI Y. B. CHAVAN : I place it on the Table of the House

I beg to lay on the Table a statement in regard to the report of the Intelligence Bureau on the use of foreign money in the last general elections and for other purposes. [Placed in Library. See No. LT—1143/69.]

Statement

Sir, this House will recall that Government had asked the Intelligence Bureau to

make a thorough inquiry into the allegations regarding the use of foreign money in the last General Elections as well as for other objectionable purposes. The first report of the Intelligence Bureau was received in 1967, and a supplementary report was received in 1968. I had indicated to the House that after a careful study of the reports, Government would share with the Parliament the broad conclusions that they might reach.

2. Before I proceed to deal with the issue that have emerged on an examination of the reports, I would like to touch briefly on the nature of the inquiry itself. The Intelligence Bureau was given this delicate task in response to the demand made from all sections of the House that a thorough probe should be made into the allegations that foreign money was being used in the country to influence our political, social and economic institutions. Members will appreciate the obvious limitations under which an Intelligence organisation has to function. It cannot make open inquiries or record evidence. It has to rely on secret sources of information, which cannot be made public. Because of these limitations, it will not be fair to make the reports public.

3. At the same time, some of the general issues that have been thrown up as a result of this inquiry need the most careful attention of this House, I would indicate them briefly so that in the further consideration of this subject, the House can guide us regarding the action that we propose to take. In the first place, there has been widespread concern about the receipt from foreign agencies of funds by individuals and organisations, whether working in the political or social and economic fields. Any precise quantitative assessment of the financial assistance received is not possible, but the indications are that it is selective and is not so small as to be ignored. We should not, therefore, minimise the likely repercussions on the future politics of our country. of the obligations that organisations or individuals incur by accepting assistance. There is also reason to think that funds obtained from foreign sources were used in the last General Elections. Keeping all these aspects in view, Government propose to bring forward a comprehensive legislation to impose suitable

restrictions on receipt of funds from foreign organisations, agencies or individuals otherwise than in the course of ordinary business transactions. Some Hon'ble Members have already introduced Bills on this subject and Government will carefully examine the provisions of such Bills for the purpose of drafting their own legislation. Government will consult the leaders of the opposition on the principles of such legislation.

4. Secondly, disclosures in the foreign Press as well as our own inquiries have shown that it has been possible for foreign intelligence agencies to finance the activities of institutions and organisations working in the academic and research fields. Such institutions and organisations themselves may not have known the ultimate sources from which assistance was being extended to them or that the scholarships or travel grants or other forms of monetary assistance they had received to carry on their academic or research work, had been obtained from any foreign intelligence agency. Government have already had the Asia Foundation wind up its activities in this country. If there is any other organisation of this kind about whose sources of funds Government have the slightest doubt it too will not be permitted to function in India.

5. We also need something more positive to ensure that while institutions and organisations of doubtful credentials are not allowed to influence the working of our educational institutions with ulterior motives our scholars are afforded adequate assistance to carry on research in the social sciences as well as other fields. Government have accordingly decided to set up a Council of Social Science Research with a suitable grant to review the progress of social science research and to sponsor research programmes in this field. The Council will administer grants to institutions and individuals for research in social sciences and give financial support to learned associations, standard journals and institutions or organisations engaged in social science research. The setting up of this Council, while necessary and desirable in itself, will also have the effect of reducing the dependence of Indian research, institutions and scholars on foreign financial assistance for their worthwhile projects in this field.

[Shri Y. B. Chavan]

6. Thirdly, this House has to bestow its attention on the problem of indirect financial assistance by foreign agencies to individuals and organizations of various descriptions in India. The indirect assistance takes many forms, such as large commissions on sales of literature imported from abroad, subventions paid out of trade earnings by bilateral understanding between commercial enterprises and recipient organisations, and excessive advertisement charges, translation fees etc. There is also some information that funds are transferred to individuals from abroad through illicit remittances. Special cells are being created in the Intelligence Bureau and in the Directorate of Enforcement in the Ministry of Finance for undertaking a closer scrutiny of remittances, conversion etc. of foreign currency to discourage clandestine foreign financial assistance. As regards other forms of indirect assistance, efforts are being made to enforce rigorously the existing provisions of law to curb malpractices.

7. I would request this Honourable House to bear in mind that the issues raised by the discussions that have taken place in the House during the last two years have an important bearing on the functioning of our institutions in general and political institutions in particular. In our view it would not be appropriate to discuss these vital issues from the point of view of apportioning blame among the political parties. The single most important issue before the House is: What should be done to ensure that our parliamentary institutions, political organisations, academic and other voluntary organisations working in important areas of national life, are able to function in a manner consistent with the values of a sovereign democratic republic.

SHRI SURENDRANATH DWIVEDY (Kendrapara) : The statement may be circulated to Members.

MR. SPEAKER : Naturally, it will be circulated.

12.33 hours.

STATEMENT CLARIFYING REPLIES
TO HALF-AN-HOURS DISCUS-
SION RE FACT LTD.

THE MINISTER OF STATE IN THE
MINISTRY OF PETROLEUM AND

CHAMICALS AND MINES AND
METALS (SHRI D. R. CHAVAN) : Sir,
in the course of my replies to the Half an
Hour Discussion regarding Fertilizers and
Chemicals, Travancore Ltd. in the Lok
Sabha on 23.4.1969, I *inter alia* stated as
under :

"I am not prepared to accept their
demand that this should be referred
to CBI when a Parliamentary Com-
mittee is seized of the matter."

According to the information which has
come to my notice after I had made the
said statement, I would like to clarify that
though Government have not referred any
matter relating to Fertilizers and Chemicals,
Travancore Ltd. for investigation by
by the Central Bureau of Investigation, the
CBI on their own are looking into certain
complaints received by them against the
Managing Director of the company. I
make this Statement in order to clarify the
position.

12.34 hrs.

ENLARGEMENT OF APPELLATE
(CRIMINAL) JURISDICTION OF THE
SUPREME COURT BILL.

ELECTION OF MEMBER TO SELECT
COMMITTEE

SHRI A. N. MULLA (Lucknow) : I beg
to move :

"That this House do appoint Shri
Tulsidas Dasappa to the select Com-
mittee on the Bill to enlarge the
appellate jurisdiction of the Supreme
Court in regard to criminal matters
vice Shri K. Hanumanthaiya resi-
gned".

MR. SPEAKER : The question is :

"That this House do appoint Shri
Tulsidas Dasappa to the Select Com-
mittee on the Bill to enlarge the
appellate jurisdiction of the Supreme
Court in regard to criminal matters