

[Shri Dasappa]

Coal Development Corporation Limited, Ranchi.

12.02½ hrs.

STATEMENT BY MINISTER OF
ECONOMIC AND DEFENCE CO-
ORDINATION

Mr. Speaker: Now, the hon. Minister of Economic and Defence Co-ordination, Shri T. T. Krishnamachari, will make a statement.

The Minister of Economic and Defence Co-ordination (Shri T. T. Krishnamachari): Mr. Speaker, Sir, as I find that my name has been mentioned in connection with certain transactions of a mine-owner operating in Orissa from Calcutta....

Shri Surendranath Dwivedy (Kendrapara): On a point of order. I believe, Sir, that you are permitting the hon. Minister to make a statement on his own under Rule 372 of the Rules of Procedure. There, it is laid down that he can make a statement on a matter of public importance. But, here he is going to explain something which is non-existent in the House, as far as I remember.

I raised a matter about corruption and about Ministers being involved in some transactions, as early as February 21, 1962 in this House, and the only reply that we have had from the hon. Prime Minister is that he has sent it to the Central Intelligence to give him a report.

On the 1st April, 1963, the Home Minister stated that the hon. Prime Minister had sent the preliminary material with him to the Attorney-General for legal process. He also stated that the report of the Central Intelligence had not been submitted to the hon. Prime Minister.

Besides this, so far as the House is concerned, there is no other mate-

rial or statement, and the hon. Prime Minister has also as yet not given any statement stating categorically as to who the Ministers involved in this matter are, what the allegations are, and what the actual points which he has referred to the Attorney-General are.

In view of this, I do not know how the name of Shri T. T. Krishnamachari comes in and he wants to explain here.

Shri Ranga (Chittoor): I have also a few observations to make in regard to this matter....

Mr. Speaker: The hon. Member may allow me to just clarify the position.....

Shri Ranga: Regarding this matter, I wish to state a few points.

We have had some notice of this only this morning from the newspapers, that the Prime Minister is reported to have told his party that three Ministers' names were found in some records that they were able to discover or that came into their possession. One is, of course, Shri K. D. Malaviya, and the other is Shri T. T. Krishnamachari, and the third one is Shri Biren Mishra, I think, of the Orissa Government. Only the day before yesterday we raised this point. He would like to ask: Is this the only way in which the House and the Members of this House can be expected to come to know about what is happening? Are we to wait until the hon. Prime Minister meets his party and states these things first.....

Shri Frank Anthony (Nominated—Anglo-Indians): That is what they do nowadays.

Shri Ranga:...and thereafter come forward to make a statement and take the House into confidence? That is point No. 1.

Secondly, I would submit that any important matter like this ought to be properly given notice of to you and then placed on the Order Paper so that we would all be ready also to know what is going to be stated here and what we are expected to do.

If the hon. Minister wishes to make a statement, I for one would not raise any objection, but certainly we should be given an opportunity of discussing that particular statement as well as the other matters which are supported to be under the consideration of the hon. Prime Minister and also his advise under the consideration of the various other officers including some law officers.

Shri Hem Barua (Gauhati): I submitted a call attention notice on this very thing. It reads as follows....

Mr. Speaker: He need not read it. I know it.

Shri Hem Barua: It is connected with this matter. It was about Shri K. D. Malaviya's disclosure....

Mr. Speaker: What does he want to ask?

Shri Hem Barua: I say, if he is allowed to make a statement, that would be only a personal disclosure of the whole matter. You have disallowed my call attention notice on this very important matter. Shri Malaviya has already disclosed that he collected Rs. 10,000 for his party from Messrs. Serajuddin and Company. The proprietor of that company has been arrested. It has been reported that some letters from Ministers have been found by the police in his possession. This is a very serious matter, affecting the morale of the administration.

Therefore, I think the whole matter should be taken up together and all the Ministers must be dealt with

together instead of a single Minister being allowed to make a statement.

Mr. Speaker: Order, Order. I have followed him. There were two or three questions taken up simultaneously. I will try to deal with them as they come to my memory now.

Firstly, Shri Surendranath Dwivedy says that already the Prime Minister has said that this matter had been referred to the Attorney-General and therefore, the statement should not be allowed to be made. So far as I remember, no names had been mentioned as to who were involved. Even Shri Dwivedy had not mentioned any names.

First, I would like to know whether really the name or the case of Shri T. T. Krishnamachari also is referred to the Attorney-General or not. If it is referred to him, it is also with him and perhaps I might have to think over again whether to allow the statement at this stage or not.

So far as the prerogative or the privilege of the Ministers ordinarily is concerned, unless this is connected with the inquiry by the Attorney-General, if it independently comes, the Ministers have that right, that if they want to make a statement upon some subject of public importance, they can certainly come up and ask the permission of the Speaker. And the Speaker, normally—unless he considers something objectionable in it—allows them to make a statement.

It was therefore, in the ordinary course that I was informed this morning and a desire was expressed by Shri T. T. Krishnamachari that he wanted to make a statement. I did not connect it with the inquiry or any other thing because previously we had not learnt anywhere that his name was included. Therefore, I would like to know whether his name also has been included in that inquiry. If it is so, probably I might not allow that statement.

Shri Surendranath Dwivedy rose—

Mr. Speaker: Let me first know whether it is really there or not.

Shri Tyagi (Dehra Dun): As regards statements of Ministers, there is a mention that there are charges against Ministers. It is very good on the part of a Minister to come forward here and say before the House that his name is there, rather than others pointing out his name. When he himself says that his name is there, he must be given an opportunity to explain what the circumstances are. (Interruptions).

I do not know what the reference to the Attorney-General might be; it is in the Prime Minister's mind—he knows it better. But in the case of such allegations, a reference to the Attorney-General is not a judicial act. It is only a private consultation with the Attorney-General. The Attorney-General is not a court. Nor is the matter *sub judice*. Therefore, I submit the reference of a case to the Attorney-General for consultation does not come in the way.

Mr. Speaker: First, I want to be sure of the facts.

Shri Surendranath Dwivedy: As you have said, if it is disclosed that Shri T. T. Krishnamachari's name has also been referred to the Attorney-General, it will be part of the statement so unless the Prime Minister makes a statement about the persons involved in the whole matter, I do not think you can permit any other person connected with it—if he thinks he is connected—to make a statement like this in this House. So far as the House is concerned, this matter is completely non-existent as to who are involved. So, I again request you to consider whether it will be proper for you only to ask whether this person is involved or not, because the enquiry is not yet complete. Mere reference to the Attorney-General does not mean that those persons

are not further involved in the matter, because the final report is yet to come. Therefore, I think it will be better if a fuller statement is made in the House as to the facts. I completely agree with Shri Tyagi that it is good for a Minister voluntarily to come forward to make a statement.

Mr. Speaker: Then I will ask Shri Dwivedy if Shri Malaviya also should not be allowed to make a statement about himself.

Shri Surendranath Dwivedy: Not in the House, unless this statement of the Prime Minister comes. Let him explain.

So far as Shri Malaviya is concerned, he has not made any statement inside the House. He has made some statement outside the House which has come to the notice of the House. If on the basis of that he wants to make a statement and you want to permit it, that is a different matter altogether, but here if it is connected with the enquiry, it cannot be made, that is my point, unless we get the full report of the enquiry itself.

Mr. Speaker: If we concede that because some thing has been referred to the Attorney-General, till that report is received we should not discuss it or that no statement need be made, then I can ask the Minister to wait only if I know whether really his name is there in the reference that has been made, and that would dispose of the Calling Attention Notice of Shri Hem Barua who wants Shri Malaviya to make a Statement.

Shri Hem Barua: There is a difference, Sir.

Mr. Speaker: Then again, Shri Hem Barua's notice is not in order, not in the proper form, and that was why I refused it. I have not taken the merits as yet into consideration. If he amends it and brings it in form, then that can be considered separately. I am sorry again to point out

that he stood up and interfered when he very well knows the procedure that we follow ordinarily in such matters. I would only now like to know if the Prime Minister would make a statement.

Shri Hem Barua: I only want a clarification because my name is involved.

Mr. Speaker Order, Order.

The Prime Minister and Minister of External Affairs and Minister of Atomic Energy (Shri Jawaharlal Nehru): I have been following carefully what the hon. Members opposite have said. I have failed to understand their argument.

These matters were referred to here because a number of papers contained long accounts, and they mentioned various parties, various names were mentioned. At that time I was not aware of this, and I said I would enquire. Thereupon I enquired, that is, I found out from my colleague the Home Minister, and he told me of some newspapers articles and some books of accounts which have been seized by the police. Therefore, I stated in this House, in answer to a question I think, that I would consult the Attorney-General as to what steps I should take. It is not quite correct to state that I have asked the Attorney-General to carry out an enquiry,....

Shri Surendranath Dwivedy: No.

Shri Hem Barua: You cannot do that.

Shri Jawaharlal Nehru:but to look through the papers such as they were to advise me as to what I should do, because I wanted independent advice. That is what I have done. No particular individual has been referred to an enquiry or anything. It is a whole complex of things, the newspaper reports etc., and *prima facie* the newspaper reports, I think,

are scandalous in the extreme—not only the articles, but the references and the headlines and everything; *prima facie* they are very defamatory, but it is not for me to go into action. But, as these matters were raised here, I stated I was going to consult the Attorney-General, both from the point of view of his eminent legal position and otherwise, as to what he would suggest, how I should deal with it. So, I have not asked him to carry out kind of enquiry. The papers that have been given to him naturally deal with such papers as we have, with those extracts from certain accounts books and some other papers in connection therewith.

Now I may say one word about what Shri Malaviya did. I do not quite understand these objections raised. Shri Malaviya wanted to make a statement to the Executive of our Party. I did not even know what the statement he was going to make was, or the object of the statement. He asked me, and I said certainly he could make it, and he made a statement. He made certain things clear, in so far as he was concerned. I do not see what rule or anything else comes in the way of a Member doing that to his party or to me or to any other group anywhere. He can, if he had chosen, make a statement before the House. He chose to do that it is quite open to him to do that to his colleagues. There is no disrespect meant to the House.

Shri Hem Barua: On a point of personal clarification. You have made a very long statement about me, I very humbly submit that you said that I wanted Mr. Malaviya to make a statement here.

Mr. Speaker: No, No. I never said that. I referred to the calling attention notice. (Interruptions.)

Shri Hem Barua: Calling attention notice was addressed to the Prime Minister; it was not addressed to Shri Malaviya and I expected the Prime Minister to make a statement (Interruptions.)

Mr. Speaker: I have suggested to you that it is not in the proper form and that it should be framed properly. Then we will see.

Shri Hem Barua: The trouble is this. I wanted the Prime Minister to make a statement on the disclosure made by Shri Malaviya, about the happenings vis-a-vis the ministerial responsibility... (interruptions.)

Mr. Speaker: Order, order. He wants to read what I disallowed; he cannot do that. I have disposed of certain other objections taken. Now, it is quite clear. There is no enquiry, judicial or semi-judicial or anything of that sort. Therefore, the Minister is entitled to make a statement. That is the first thing.

Second thing is this. Prof. Ranga raised that point. Some disclosures have been made in their party itself. I am not concerned with what happened there, inside the party or what discussions had taken place there, unless there is some important statement of public policy which is to be followed by the Government. I am not concerned with that. We need not take notice of that. Therefore, there is nothing improper done if inside the party they had discussed certain things. I do not want to touch them or to refer to them or to say anything about them. But when this question comes, if a Minister wants to make a statement certainly on a matter that has appeared in the papers, I cannot say that he is not justified and therefore I have allowed him. He asked my permission in the morning and I have allowed him.

Shri Tridib Kumar Chaudhuri (Berhampur): Sir, I was going to point out another matter in this connection, before the statement by the Minister is made, about the propriety of making such a statement. A case was filed in Calcutta, in which this firm is involved. We do not yet know what facts are there and what names are involved and it says that certain

Ministers are involved. All these questions will come up before the Court and in this context is it proper that Ministers should be allowed to make a statement here when the whole matter is *sub judice*?

Mr. Speaker: It is a statement by the Minister; it is not a discussion or any expression of opinion by the House, that is being done. He can make his statement.

The Minister of Economic and Defence Co-ordination (Shri T. T. Krishnamachari): Mr. Speaker, as I find that my name has been mentioned in connection with certain transactions of a mine-owner operating in Orissa from Calcutta, I would like to make the following statement.

The allegation seem to be that a sum of money had been given to me for elections round about February, 1957, obviously for certain favours to be shown to the party by the Commerce and Industry Ministry and by me as Commerce and Industry Minister.

The only occasion when I remember the name of this mine-owner Shri Serajuddin, is in respect of a suit that he filed against the Commerce and Industry Ministry sometime about 1956 when I was Commerce and Industry Minister. The subject-matter of the suit was handled by the Joint Secretary in charge of Trade, who was also Chairman of the State Trading Corporation, which organisation was, if I remember aright, made a party to this suit. I had some recollection that the suit was withdrawn, but I now understand that the suit was withdrawn on the 31st August, 1956, the day when I gave up office as Commerce and Industry Minister.

It is said that this party had to seek my favour as Commerce and Industry Minister for a concession to be given to him in respect of a ferro-chrome plant or something of the sort and therefore the payment was made

to me for purpose of elections. To the extent that it is now possible for me, I made some investigation into the matter of this ferro-chrome plant application made by this party. I understand a letter of intent was issued by the Commerce and Industry Ministry to the party sometime in October, 1956, that is, two months after I left office, and I believe the Minister who presided over the heavy industries section of the Commerce and Industry Ministry at that time was the late-lamented Pantji. Again, I understand, sometime in May, 1957, a letter approving the foreign collaboration was issued to this party; the Minister concerned at the time is my colleague, The Present Finance Minister. It appears that the final licence was issued in May, 1958, a time when I was not even a member of the Government.

I find nothing out of the way in the grant of the licence either by the Commerce and Industry Ministry or any of the people who succeeded me as Commerce and Industry Minister.

In regard to the collection of money for elections, it is true that I had some little part in collecting money for the 1957 elections; but I did not meet any businessman individually for this purpose and I do not think Shri Serajuddin was anywhere amongst the group of businessmen that I met. The businessmen were asked to send their contributions to the account of the party direct by cheque, for which they were told, they would get no benefits. The monies did not pass through me and I have no direct knowledge of individual payments in that connection. In regard to my own election in 1957, I had no necessity to approach anybody outside my own small circle of friends in Madras for help and assistance. It is perfectly obvious that if my name has been mentioned anywhere, I had no connection with the matter, because I had no contacts with Shri Serajuddin

and I was not in a position to do him any favour.

I do not remember any case concerning him having come to my notice during the time I was Finance Minister either. Obviously, further enquiries will be made by Government in this matter, but I felt I should make my position clear before Parliament; hence this statement. I think you for this courtesy.

12.23 hrs.

EXPORT (QUALITY CONTROL AND INSPECTION) BILL*

The Minister of International Trade in the Ministry of Commerce and Industry (Shri Manubhai Shah): I beg to move for leave to introduce a Bill to provide for the sound development of the export trade of India through quality control and inspection and for matters connected therewith.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to provide for the sound development of the export trade of India through quality control and inspection and for matters connected therewith."

The motion was adopted.

Shri Manubhai Shah: I introduce the Bill.

12.24 hrs.

**DEMANDS FOR GRANTS—contd.
 MINISTRY OF COMMUNITY DEVELOPMENT AND CO-OPERATION—contd.**

Mr. Speaker: The House will now take up further discussion and voting on the Demands for Grants under the control of the Ministry of Community Development and Co-operation, for which five hours have been allotted. 35 minutes have been taken, and so four hours and 25 minutes remain. Shri Ranga.

Shri Ranga (Chittoor): Mr. Speaker, Sir, I am sorry to say that the

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