

following, to say the least, a very uncivilized approach towards non-Congress (I) State Governments. So, such allegations should not be allowed to come up and I hope the Central Government will change its attitude and take appropriate and immediate steps so that supply of food-grains is made to the State of Kerala.

SHRI ARANGIL SREEDHARAN (Kerala): Madam, I associate myself with the statements made here and through you I make a request to the Government that in view of the fact that Kerala is the greatest producer of cash crops and is swelling the foreign exchange reserves of India, we have a right to demand more rice and, therefore, the Government should not import politics in the matter of supply of rice.

The Prevention of Corruption bill, 1987— Contd.

DR. G VIJAYA MOHAN REDDY (Andhra Pradesh): Madam Deputy Chairman, it is always the policy of the Central Government to blame the States. You lay the economic policy, you lay the political policy. But when the question of atrocities on Harijans comes, you blame the State Governments. About corruption you blame that the State Governments are not taking action.

With one glance any man of the road can understand who has built up black money which is running a parallel economy in the entire country. It is to the tune of Rs. 50 thousand crores in this country as is estimated. Who is responsible for that? According to the Finance Department itself, more than Rs. 25,000 crores of capital has flown out of the country. How can money from our country go abroad except through corrupt means? That means, all-pervading corruption has been built up systematically in this country in order to support the rule of the capitalist class and the landlords. This has been going on for 40 years.

As in the case of the Postal Bill, when it came up, the Minister was telling that

it was continuation of the policy. After all, one Government will have to take charge from the other Government, and the Bills naturally will flow to the coming Government. If this is the attitude, then, things would become very difficult.

After all, there are certain things. The hon. Minister has stated, all the previous laws which were existing have been consolidated and some definitions have been given, especially for "public servant", "public duty" for "quick disposal of cases", "appointment of special judges and trial on day-to-day basis". All these measures are very much welcome. About punishment also, deterrent punishment of one year to seven years' imprisonment and fine or two years to seven years' imprisonment.

But the difficulty comes in about the will, the vigour with which the Government pursues these matters. I want to say, after all, the hon. Minister got this Bill passed in Lok Sabha, I think, in May last year, on the 7th of May, 1987. Today we are discussing this Bill in this House. What about that one year? Defending the Bill, the hon. Minister wanted to speed up the entire matter so that the Government can establish cleanliness. But one year it has taken for the Government to reappear with the Bill. Whatever it may be....

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI P. CHIDAMBARAM): The Business Advisory Committee has to give time.

DR. G. VIJAYA MOHAN REDDY: That is quite true. You may have excuses for many things.

SHRI P. CHIDAMBARAM: I have come to this House several times and waited for the Bill.

DR. G. VIJAYA MOHAN REDDY: That is not the question at all. It was never put on the agenda in the list of business.

SHRI P. CHIDAMBARAM: The debate started.

DR. G. VIJAYA MOHAN REDDY: It was not in the list of business.

SHRI P. CHIDAMBARAM: Sorry. It was on the agenda. Two speakers have already spoken.

DR. G. VIJAYA MOHAN REDDY: That is all right.

SHRI P. CHIDAMBARAM: Kindly listen to me.

DR. G. VIJAYA MOHAN REDDY: It is not complete. After all for the Bill to be complete, you will have to continuously....

SHRI P. CHIDAMBARAM: Kindly bear with me. You will recall, on the last day of the session I requested that the House may sit for another hour because that was all that was needed.

DR. G. VIJAYA MOHAN REDDY: Whatever it may be, my opinion I am expressing.

SHRI P. CHIDAMBARAM: Opinion is a different matter. The facts are otherwise.

DR. G. VIJAYA MOHAN REDDY: My opinion I am expressing. Certain matters you pursue, and certain other matters you don't pursue to the extent they have to be pursued.

SHRI RAM AWADHESH SINGH (Bihar): Corruption is a very lovely matter for them.

DR. G. VIJAYA MOHAN REDDY: Another particular point I want to mention. If things come from the World Bank, they are very much acceptable. I think, to the Treasury Benches. The World Bank publication estimated the amount of corruption in selected sectors in India in 1964 at Rs. 1,464.5 crores or 7.3 per cent of the Indian national income that year. The publication says that it is a relatively conservative estimate and that the extent of corruption in our country is

quite alarming. There is a special note on this by the World Bank. It is also stated:

"In addition, corruption undermines legitimacy of the political institutions and thus the Government is less able to rely on co-operation and support of the public. As a result, the Government is compelled to resort to force and coercive tactics to maintain order. The resulting violence and political instability hinders political development."

Actually, this is the phase in which, I think, India is passing today. It is because we have built up a system which is corrupt; we have built up a system which the people of this country cannot appreciate. That is why a contradiction has developed between the people and the rulers.

I want to mention one point here. This is from an article in 'Onlooker' written by Mr. B. V. Kumar Director, Revenue Intelligence.

"Is tax evasion and commercial frauds something new to our country or is it part of our corporate history?"

The developing world has been particularly vulnerable to crimes affecting the national economy such as smuggling, foreign exchange violations, the illegal outflow of capital, illicit trafficking in currency, narcotics offences and bribery and corruption.

Once organised criminal cells become established in a country, particularly a developing country, there is a strong incentive for them to seek to infiltrate the political structure. Indeed, in the long term, for the organised crime to survive and prosper it must do so."

That means this corruption has entered into the political structure of our country.

"It is the experience of the enforcement agencies that almost all the persons controlling various industrial houses manage to get commission in

foreign exchange each time they place orders for machinery, for their plant and machinery. It is also a common experience to find that most of the machinery imported is second-hand or reconditioned and heavily over-invoiced. The over-invoiced value is legitimately remitted through banks, and the difference between the real value and the over-invoiced value is deposited in the personal account of the 'person' controlling the company. If it is a public limited company, the investing public and the financial institutions get defrauded in the process. Similarly, in the case of goods imported, many companies have resorted to heavy under-invoicing to defraud the national exchequer. The 'person' in charge of the company meets the difference between the real value through the foreign exchange racketeers."

Like that this economic fraud is going on in our country unhampered and this white-collared corruption is one thing which has to be very seriously dealt with. I think the definitions that have been given to some extent may approach the problem, but at the same time I can very well say that there is some kind of a motive behind these definitions also. I say this because MPs and MLAs can be arrested on some charges. Under the definition of 'public servants', even without a *prima-facie* case and even without a warrant under section 13(a), the Superintendent of Police has been given the rights; and there is no sanction order necessary also. How can we say that this Government is interested in this particular aspect of the section? For example, it is very easy, because the definition that has been given by our Minister in his reply is so vague. It says when MLAs/MPs do certain things which are not part of duties as MLA/MP. What are those things? MLAs/MPs are discharging their regular duties. Certain duties which are not part and you give a police officer the power to take action according to this Act. I think that it will be used as a political weapon to stifle the Opposition. Another particular point I want to make is that IAS and IPS officers, are under the Central cadre.

The appointing authority is the Central Government. Therefore, who has to give sanction order to take action against them? It is the Central Government which has to give sanction order. We know the attitude of the Central Government. The Central Government wants to take over the administration of the districts through IAS and IPS officers. Whatever may be the charges, the Central Government does not react. If it cannot give sanction orders, we may not be in a position to take action against them. That is why it becomes very difficult to take action against the officers of the Central cadre. That is how the entire bureaucracy is inter-twined with the political agencies that is ruling the country. This stands as a stumbling block to progress. It is this class which is defrauding the public.

As early as 1962 in the Santhanam Committee report it was stated, I quote:

"Contractors and suppliers who have perfected the art of the business of under-cutting, of making good the loss by sub-standard works and goods generally spare no pains or expenditure in creation of favourable atmosphere. Possession of large amounts of unaccounted money by various persons including those of the industrial and commercial classes is a major impediment in the purification of public life."

It has also been stated in the Santhanam Committee report, I quote:

"This Committee points out with regret that the Indian Chambers of Commerce which could have given powerful support to the fight against corruption would not even accept our invitation to meet us."

This is the attitude and they have not appeared before the Committee though we want to keep the Indian Chambers of Commerce and Industry on a very high pedestal. That is why all the tragedies are there. The tendency to subvert the integrity in public services instead of being isolated and eliminated is growing into an organised and well-planned racket.

[Dr. G. Vyaya Mohan Reddy]

The code of conduct for Ministers has to be spelt out. They and their family members should declare that they do not have accounts in Swiss banks or other foreign banks. These scandals are coming up very frequently. I want the Home Minister to see that all the Ministers at the Centre as well as in the States should declare categorically that they do not have any amount in Swiss banks or in foreign banks. This is quite necessary. You call for a code of conduct for public men in this Bill but why don't you include Ministers also under this Bill because they are also public servants? Definitely they must declare that they do not have any accounts and if found that they are having accounts, then, naturally the political consequences, the Congress party will have to face.

SHRI MOTURU HANUMANTHA RAO (Andhra Pradesh): Secret code is there.

DR. G. VIJAYA MOHAN REDDY: Whatever it may be, I for myself, who had been a freedom fighter, can know that all these things will be demolished when the people are on the move and in India the people are on the move. No secret code can stand once the public opinion asserts itself in our country. The entire world public opinion will be against it. That is why everything will vanish into thin air. One more point I want to state.

THE DEPUTY CHAIRMAN: Please sum up.

DR. G. VIJAYA MOHAN REDDY: The Santhanam Committee report has clearly stated that the people must be made partners in the anti-corruption drive. I also feel that people's participation must be there. In this Bill there is no section under which there is a kind of drive to enlist the people's cooperation. Unless the people come forward no investigating agency can succeed. This is the main defect of our system because the investigative agency can nullify the entire Bill itself. That is why cases are pending. May I know from the hon. Minister how much property has been attached and

how much money has been credited to the exchequer after taking action in corruption cases in the past five years? That is why, Madam, I to some extent, feel that there are some positive clauses in the Bill which we support but at the same time, we want to caution the Government that unless some kind of sincerity is there, it becomes impossible for us to move on the road of action against corruption. Thank you.

THE DEPUTY CHAIRMAN: The statement by the Minister was to be made at 5.00 p.m. Instead of that, it will be at 2.30 p.m. and immediately after the clarifications and replies are over, the Short Duration discussion will be taken up.

Now the House stands adjourned for lunch and will meet again at 2.30 p.m. p.m.

The House then adjourned for lunch at thirty-one minutes past one of the clock.

The House reassembled after lunch at thirty minutes past two of the clock.

The Vice-Chairman (Shri H. Hanumanthappa) in the Chair.

STATEMENT BY MINISTER—Reported income of Jyotsna holding private Ltd. received from Sumitomo Corporation

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): Sir, Government's attention has been drawn to the news item in the Statesman, Delhi, edition, Friday, July 29, 1988 about the income-tax and some other matters of Jyotsna Holding Private Limited. The report contains a number of inaccurate statements.