

the Government of India's policy that no commissions or agency fees should be paid in respect of contracts secured from India.

By inducting the Bofors FH-77B Towed Howitzer the Government of India have achieved the following:—

(i) Acquired the weapon system which, in the technical opinion of Army Headquarters, was the most preferred.

(ii) Acquired it at a value cheaper than that offered by its closest competitor.

(iii) Obtained considerable price reduction from the original bid which was based on June, 1984 base prices plus escalation and converted it into a fixed price contract at the reduced level.

Government have already categorically denied the allegations. The statement issued by Government of India on April 17, 1987 reads as follows:—

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

The report is one more link in the chain of denigration and destabilisation of our political system. Government and the people are determined to defeat this sinister design with all their might."

If any evidence is produced involving violations of the law, the matter will be thoroughly investigated and the guilty, whoever they may be, punished.

SHORT DURATION DISCUSSION ON PURCHASE OF GUNS FROM BOFORS OF SWEDEN

MR. CHAIRMAN: Mr. Gurupadaswamy will initiate the discussion. I propose to follow a very orderly debate. I will give opportunity to everybody. At the same time, I will see that the debate goes in a very orderly way.

SHRI DIPEN GHOSH (West Bengal): Within the House, Chairman is the middleman.

SHRI K. MOHANAN (Kerala): Without receiving any commission.

MR. CHAIRMAN: I am the umpire. I am not the middleman.

SHRI M. S. GURUPADASWAMY (Karnataka): Mr. Chairman, Sir, I am raising this very important debate on the Bofors deal not as a critic. I am raising this debate to find the truth and nothing but the truth behind this deal. When this issue was widely published in the Indian Press it created a storm in the political circles of India both in the ruling party and in the Opposition.

SHRI MAHENDRA MOHAN MISHRA (Bihar): Not in the ruling party; only in the Opposition.

SHRI PARVATHANENI UPENDRA (Andhra Pradesh): Sir, they are starting the game again.

MR. CHAIRMAN: I will tell you one thing. In Parliamentary democracy, a person is entitled to say what he wants provided he is within the limits of propriety and it is not unparliamentary. Therefore, you

[Mr. Chairman]

should not go on giving a running commentary on what they say. This applies equally to this side also. They have a right to say what they like so long as they are within the limits of propriety and it is Parliamentary. You should not go on giving a running commentary all the time. I would request hon. members from both sides to help me in this.

SHRI M. S. GURUPADASWAMY:

Sir this issue is very extraordinary. It has really sent shock waves throughout the length and breadth of the country. Let anybody deny this. Sir, as the days go on, the thing is becoming clumsier and clumsier. The Government of India had a good opportunity yesterday, when the debate was started in Lok Sabha to come clean. We provide the Government another opportunity here to make a clean breast of the whole thing.

I went through the statement of my hon. friend, the Minister of State. To me it appears as an exercise in diversion. He has not met the central issue at all. Let us know what the central issue is, what the principal issue is, what the focal issue is. To me the central issue, the focal issue is, whether bribe or commission in the guise of bribe was paid to anybody.

SHRI N. K. P. SALVE: (Maharashtra): Commission in the guise of bribe?

SHRI M. S. GURUPADASWAMY: Don't you understand English?

MR. CHAIRMAN: Mr. Salve, you are breaking the rule.

SHRI V. GOPALSAMY (Tamil Nadu): He always does it.

SHRI M. S. GURUPADASWAMY: I think you understand English. (Interruptions).

MR. CHAIRMAN: Let him make the issue. Somebody will reply from your side.

SHRI M. S. GURUPADASWAMY:

I am on this central issue, whether any bribe or consideration or commission has been paid to Indian parties, to people who negotiated the deal or to somebody else. As my friend put it in the statement, the words used are 'Indian Politicians'. I do not mind using the term 'Indian' because they are also Indian. The ruling party is also an Indian ruling party. Therefore, I do not mind that at all. I use this phrase, that is, whether any bribe or commission or consideration was passed on to Indian politicians. If so, which party has received? Is it the Janta party, is it the Communist party?

THE MINISTER OF STATE IN THE DEPARTMENT OF DEFENCE RESEARCH AND DEVELOPMENT IN THE MINISTRY OF DEFENCE (SHRI ARUN SINGH): May I seek a clarification? I am a little confused on this. The hon. Member may not like it but I want to understand, are you suggesting that the statement does not refer to the central theme of whether any bribe has been paid to an Indian politician? Is that what the hon. Member is trying to convey?

MR. CHAIRMAN: He said the words 'Indian politicians' have been used. This includes politicians on this side as well as on that side. (Interruptions). You are unnecessarily obstructing the proceedings. Will you please sit down?

SHRI ARUN SINGH: In the statement the Government have

categorically denied this. Therefore, the central issue has been addressed. Let me make this clear.

SHRI M. S. GURUPADASWAMY:

Why are you so panicky? Let me go on. After all, you have got a right to reply. I am using your own phrase. Why are you afraid? You are afraid of your own phrase.

SHRI ARUN SINGH: I am not afraid. You are too brilliant to suggest that, I have not been able to understand what you have stated.

SHRI M. S. GURUPADASWAMY:

The central point is whether any money has been passed on from Bofors to anybody in India wrongly. That is the issue. The Minister of State has denied in his statement that nothing has been done, nothing suspicious has been done by the Government of India or by the parties which negotiated the deal. And he also quoted the denial of the Government of Sweden in this regard. I take it, there has been a denial. I also know—I want him to correct my statement—that an aide Memoire was submitted by the Ambassador of Sweden here to the External Affairs Minister regarding this deal. I want to know whether this aide-memoire was submitted to the External Affairs Minister voluntarily by the Ambassador on his own or on your request. If there is a request. If it is because of a request, I would like to know what is the nature of your request to the Ambassador. I would like to know that.

Sir, Bofors is one of the ten biggest companies in Sweden. It has got large influence both in the business world and in the political world in Sweden and the Government of India, after going through various procedures. I thought that the weapons of Bofors were ideal for the Indian conditions. I am not disputing the quality of the weapons

at all. This is outside the purview of my debate. I am not a technical person. There are better technical persons who are competent to decide upon the quality, the standards of the weapons. I am concerned with the pay-offs, the kickbacks involved. I take it that the Government of India made it very clear during the deal that they do not entertain middlemen, agents of any sort. But it has been contradicted not once but twice or thrice by the Swedish Radio representatives and we got the news from the Swedish Radio. The Prime Minister said that the news emanated from Delhi. There is a report in the *Hindu* of today here that the spokesman of the Swedish Radio has contradicted this. The spokesman has said that the news has not emanated from Delhi; it has emanated from Sweden, from them. He has owned it.

Secondly, he has said that he has got reports and documents to prove that bribes were given to "top politicians" in India to "key Defence personnel". These are the words used. "Key defence personnel"—these are the words used. I am quoting. That is all. It may not be correct. I am just quoting. I am prepared to give benefit of doubt to the Government of India; I want to give it. Why are you afraid?

Further, the correspondent, Mr. Nilsson, has said this today, after the debate of yesterday where K. C. Pant took the position that there was no *prima facie* case for enquiry. My point is, there is a *prima facie* case for enquiry. He has said today in his interview with the *Hindu* correspondent that he stands by the statement of the past. He has reiterated that money was paid to Indian parties. Four instalments have been paid already in the months of November and December—32 million kronor. Still more money has to be

[Shri M. S. Gurupadaswamy]

paid and he has given the name of the bank—the Swiss Corporation Bank in Geneva—and he has given the name of the code, “Lotus.” The recipient has got an account in that bank under the name “Lotus.”...
(Interruptions)...

SHRI KALPNATH RAI (Uttar Pradesh): Symbol of BJP.

SHRI M. S. GURUPADASWAMY:
If BJP had received the money...

SHRI RAM AWADHESH SINGH (Bihar): Lotus mean; Rajiv.

SHRI LAL K. ADVANI (Madhya Pradesh): The Sanskrit word for lotus is “Rajiv.”

... (Interruptions) ...

MR. CHAIRMAN: Both will be recorded. It is all right. Please go on.

SHRI M. S. GURUPADASWAMY:
But if the BJP has received the money, I think they stand crucified—they should be. They can't escape the charge.

Sir, they have said, they have not shed the responsibility. The question is, why they did not come out with the names of the parties? I can understand that. I also raised it. Why has this Swedish Radio not come out divulging the names of the parties concerned, who have received the money? Why? Therefore, they have said this. In good time they are going to divulge the names also—and they have already divulged one name. The Statesman has already come out with one name: One Mr. Chadha was their agent functioning here. Secondly, they have said—this is also in the press—that the representative of SAB aircraft here was operating on their behalf. The SAB aircraft belongs to Sweden and the Delhi rep-

resentative of SAB aircraft operated in this deal. Both the things have been given. I would like to know, still, if you have got any information regarding these things—even after the publicity given to these names. We will be grateful to you, it will help the inquiry.

Sir, the SAB aircraft representative, whose house was raided sometime back, was released on parole. We have got the news here. And another representative's house also has been raided here. I think many incriminating documents have been seized, according to the press. I would like to know from the Minister whether these incriminating documents seized by the Government reveal anything at all, any names at all, in this matter.

Sir, the parties here are three: one is the Government of India, another the Government of Sweden, the third—the most important and central figure—is Bofors. The statement of the Minister of State deals with two parties and not so much about the third one. That is very important; that is central. There is denial of the Government of Sweden and the denial of the Government of India. Bofors have not denied; they have denied only partly. The spokesman of Bofors has said that they have not given bribes, but they have not said that they have not given commission. And they have evaded the issue. Sir, this Bofors is part of a bigger company, that is, the Nobel Industries in Sweden. The Hindu of today has published an interview with the Managing Director of Nobel Industries, Mr. Anders Carlberg. I quote:

“Without the active political support of (the Swedish) Government, it hardly would have been possible for us to win this contract against competition from other West European arms manufacturers.”

And the statement of the Minister says rightly that our Prime Minister had talks with the late Prime Minister of Sweden, Olof Palme. Nothing wrong in that. But I would like to know what type of talks Mr. Rajiv Gandhi had with Olof Palme, whether any record has been kept at all in the Ministry. There must be some minutes. The Managing Director has not denied. He has only brought in the political element that but for the Government of Sweden this would not have been possible. What does it mean? Mr. Salve knows English. I would like him to understand what it is.

Sir, my whole point is, there is something wrong somewhere. There have been pay-offs in some forum in the deal. I would like to identify the recipients of the pay-offs maybe in the army, maybe in the Ministry. I do not know where. They have got to be identified, Sir, why, I ask the Government? I am not charging the Government. This might have been done behind curtain, behind their back. They may not be knowing things. I will give you the benefit of doubt. I am not charging that you are guilty. I am only charging that you are protecting the guilty. If you are not convinced that there is doubt, there is misgiving, there is suspicion, there is cloud and fog in this affair, then what shall I say about you? How to describe your attitude? There is a *prima-facie* case, basis for enquiry.

Sir, we debated yesterday and the other day about the other deals. They are far minor than the present one, let me tell you. This deal is colossal, and the other deals were minor involving less money. There the Government of India has appointed enquiry committees. Why are they shirking on this which is bigger, more scandalous, more nefarious, why? They may not be involved. I give again and again the benefit of doubt to the Government. The

Ministers may not have been involved. The Government may not have been involved. But others might have been involved. What makes you to shirk from agreeing to an enquiry?

It is not only necessary to be honest but you must also appear to be honest. And your virtue should not be compared to the virtue of Cleopatra, it should not be that type of virtue. I would like you to come clean. And what prevents you from an enquiry? Why do you laugh at this? What prevents you from enquiry? I ask you. What do you conceal? It will be for your benefit.

But, if you do not agree for an enquiry, I charge, you are guilty, I have got to charge you are guilty. You are under suspicion. There is something to hide. And I am touching the raw nerve, a vulnerable point which you want to conceal and we have been raising. The Congress Working Committee met. I am glad at least this matter brought the meeting of the Congress Working Committee, bigger meeting of the Party, and a very voluminous resolution with all the epithets in the English vocabulary was passed. What do you find in that Resolution? They say there is right reaction rising.

SHRI KALPNATH RAI: Correct

SHRI M. S. GURUPADASWAMY: There is an attack on the stability of this Government.

SHRI KALPNATH RAI: Correct.

SHRI M. S. GURUPADASWAMY: There is an attack on the integrity of the polity.

SHRI KALPNATH RAI: Correct.

SHRI M. S. GURUPADASWAMY: There is an attack on the ...

MR. CHAIRMAN: Mr. Kalpnath Rai, you are incorrect. He goes on saying correct, correct. I said you are incorrect.

SHRI M. S. GURUPADASWAMY: He is just supporting me, Sir. But, you have come in the way. Everybody takes him in that manner. Sir, all those epithets have been used, why, I ask? If this matter is not so important has not created a storm in their own camp, why this kind of reaction and over-reaction? Why this panic reaction, I ask? Do you mean to say Bofors would destabilise the Government, would destabilise the State? It is sheer immaturity. Has a single incident like this the potential to dismantle our policy? Are we so vulnerable? You have said again that this is foreign conspiracy. Sir, even the super-powers like America and Russia are talking in those terms. Let me remind you of this. Russia is talking of American conspiracy against Russia; America is talking of Russian conspiracy against America. China is talking about the same thing—conspiracy of Russia against China. Even the biggest countries are talking about this. Why do you play about it as if these are things that have been missed by the opposition or by the country? we are aware of these conspiracies if there are conspiracies, but why do you read meaning into this deal, which is a nefarious deal, which is a very simple and small but very vital matter concerning your integrity as Government? Don't you understand your integrity is being questioned merely because of your evasion of responsibility to hold an inquiry? You may be innocent; you may not be guilty. Don't you, in your own interest I say, want to free yourselves, liberate yourselves from this calumny that is going on against you? It is no mere Congress Party and the Government that is involved. It is the country also which is involved. I look at it from a wider perspective.

When the democratic set up of this country is tarnished, we, democratic people, are also tarnished to that extent. The world will think; how is this democracy functioning? And this charge, this calumny, this campaign against our democratic set up, against our polity, will have an effect on the Opposition also. We believe in democracy. We believe in clean and open Government. I would like this Government to function clean and open. It is to our interest; also to your interest. Why are you afraid? You want to divide the Opposition into right and left. There is no right and left on moral issues. There is no disagreement in the Opposition on the basic issues. On a moral and an ethical issue, we are all one. This is Transcendental to all the other values. I want the ethics, the morality, the integrity and the honesty of the Government to be established. Here is an opportunity I am giving you again, the second opportunity. We want a probe. At least consider probe. You have conceded probe to minor issues. Mundhra affair is far far less. Dharm Teja issue was also smaller, pigmy before this issue. Sir, Bofors is not above probe. Please remember Bofors affairs are being investigated in Sweden itself for supplying arms illegally to gulf countries, to South Africa and to Iran also. I am not making this point against them. It is our avowed policy not to deal with any company which have dealings with South Africa. Is it not true that Bofors are supplying arms to South Africa? The same guns are being supplied to South Africa. They know it. Where is the secrecy about the equipment? Everybody knows except India about your equipment. The whole world knows about your equipment except Indians. This is the perverse secrecy you are maintaining about the defence equipment here. Therefore, Sir, you should not raise these bogies of conspiracy, sabotage and destabilisation. I would like you like Caesar's wife to be above suspicion. You should be in your own interest as a party I do not want

democratic institutions in India to be pulverised, their values to be eroded. We want to maintain democracy, come what may. In this context I demand in the interest of Parliament institutions we have, such things should not appear again and again with ugly symptoms which will corrode our public life. We will be attacked when you go abroad. We do not go abroad as Members of the Congress party. We go abroad as Indians. When we are asked, confronted by such questions with what self-respect, we answer these questions? We have to bow down. It is shameful. Sir to take it as a party matter. It is not a party matter. It is not your own matter. We, you and I are one, if you are honest. You must unravel the ugliness of this deal. Who are the racketeers behind you?

MR. CHAIRMAN: Three more minutes please.

SHRI M. S. GURUPADASWAMY:

Yes, I am aware, Sir. Who are the racketeers? Let us find out once for all. This Bofor issue should draw an epitaph to all the future nefarious deals. It should be the end of all the ugly things that happen in this country so far. This is a great country. Sir, if any politician for that matter is involved, you punish him. I know that the Congress party has punished its own politicians in the past for deviations. If our politicians this side have received bribes any consideration wrongly, then, they must be punished. Therefore, I plead again and again to agree for an enquiry. The offence is very, very serious. I demand finally, Sir, nothing short of a Parliamentary probe, high Parliamentary probe to this matter can satisfy the public. Let there be a Parliamentary probe consisting of all political parties. I don't mind if you have the majority—be there three-fourths and give us one-fourth. We are functioning in the Committees of Parliament where party consideration does not matter. For example in

the Public Accounts Committee, in the Estimates Committee, in the Public Undertakings Committee and in many other Committees, we have functioned as one fraternity. I assure you, we will not take political advantage of this matter. It is a very sensitive critical issue. You must rise to the occasion and accept our reasonable request for a Parliamentary probe and clear all the doubts, all the suspicions and all the misgivings about this deal. Thank you, Sir.

SHRI LAKSHMI KANT JHA

(Bihar): Sir, in the statement we have just heard, a plea has been made for looking at this issue from a national, non-partisan point of view and this is an appeal which I would endorse. Now, let us look at the facts. It was the Prime Minister of India who took the initiative in laying down that there would be no commission paid, no agents involved. Speaking from the Opposition benches yesterday, Shri Jaswant Singh who knows more about these things than most of us do—he has experience of the army—said that perhaps, you are being unrealistic and you should make room for agents to operate. That is a matter of opinion. But the stand taken by the Prime Minister was that there shall be no agents deployed. In the negotiations carried on, it was a starting point, the negotiation was not by politicians, but by a group consisting of four or five senior Secretary level officers and senior army officers where again this was a pre-condition. This was again a point taken at the highest level by the Prime Minister of India with the Prime Minister of Sweden and then the Prime Minister of Sweden confirmed it to the Prime Minister that there is no agent involved. Now, these are basic facts. Do they suggest that there is something which this Government is trying to hide? It is this Government which created this limitation. Otherwise, as Shri Jaswant Singh knows and others know, in the arms business, there is a lot of slush. To eliminate it, the Indian Prime Minister took a decision.

[Shri Lakshmi Kant Jha]

tive and took it with sufficient vigour to raise it personally at the level of the Prime Minister. One of the quotations was from the firm to the effect that without political support, this contract would not have gone through. This clearly refers to the fact that the Prime Minister of Sweden himself gave the assurance which the Prime Minister of India had asked for, without which the deal would not have gone through.

Then again, look at the history of the pricing, the terms etc. What has been the sequence of events in regard to price? Is there any room for suspicion that something was paid? Then, what do we inquire into? Allegations by the press? That is what it amounts to. Now, I must say that I am a great believer in the freedom of the press. But when I say freedom of the press, that means freedom not only from Government but freedom from their proprietors and press barons. The talk that one of the editors of the newspaper which has been spearheading a campaign against the Government has resigned on the ground of interference by the owner... (Inter-ruptions).

MR. CHAIRMAN: Please allow the Chair to control the House. If you behave like this, I have nothing to do here.

SHRI LAKSHMI KANT JHA: I am quoting it from report published in the Daily 'Telegraph' yesterday by their correspondent which made this very clear. Let us turn to another instance. I am again coming to this particular Bofors deal. 'The Statesman' carried the story that these guns were used in Operation Brasstacks, and that they did not have the competence which was claimed for them and, therefore the jawans, the officers reading such a report, believing that a newspaper would not print something false without adequate verifica-

tion, could well begin to have doubts, "Is my life being staked on shady considerations?" But what is the truth? The truth is that in the Operation Brasstacks these guns were not employed at all. Furthermore, their competence is not in doubt and what was reported as a trip by an Indian team to reverify their competence actually was a trip to arrange for the indigenous manufacture of this equipment and transfer of technology for this purpose. Now, this is the kind of story the press is feeding us, to my regret. And I want to ask and pose the question whether there is or there should be any law to deal with a press story which is false and which can demoralise the armed forces. It is a very serious matter and I think we should consider it and I would like it to be considered by the Press Council. I don't mean we take a hasty view of that matter because I am deeply committed to the concept of freedom. But there can be no greater enemies of freedom than those who abuse it. This is the point.

Now, we have a school of thought in this country, which places a greater faith in foreign correspondents and foreign press, and quotes them with a great deal of pride and respect which, to my mind, is misplaced. Actually this tradition of sensationalism, which has only in recent years come into our press, began in Fleet Street when Lord Northcliffe the press baron, declared that if a dog bites a man, it is not news; if a man bites a dog it is news. So the whole concept was to look for the sensational. What has happened here is that what began as investigative journalism has turned into inventive journalism. And what evidence do they have? What material, if any, on which the allegations were based? I do not know. They themselves say they will publish it later. Now, there is a commitment on the part of the Prime Minister that anyone guilty will be punished, which means that an investigation is not ruled out. But you

investigate when there is a charge against someone specific to look into. You don't go on and create an atmosphere that every General and every politician is under investigation because of the Press reports.

I also want to make one more point, Sir. A suggestion has been made that there should be a parliamentary probe. Now, if you are serious about the probe being effective, impartial and convincing, please realise that a parliamentary probe will not do that and I will tell you why.

First of all, much of the material in any such investigation will be available outside India, and a parliamentary probe...

AN HON. MEMBER: A Parliamentary Committee can go into it... (Interruptions).

MR. CHAIRMAN: No interruptions, please. (Interruptions).

SHOME HON. MEMBERS: No, no. (Interruptions). He should sit down. (Interruptions).

MR. CHAIRMAN: If you react like this, it will be very difficult. When I am taking action, why do you shout like this? You create problems for me. I am here to control. (Interruptions). Yes, Mr. Jha.

SHRI LAKSHMI KANT JHA: A Parliamentary committee will not be able to reach out to those points.

Secondly, a lot of the material which might be made available to us would come from the Government, possibly on a confidential basis. But no Government will come forward to make available material to a Parliamentary committee because the parliamentary inquiry is, by its very nature, open.

Thirdly, an enquiry must be carried on by a body of people who have an unprejudiced mind, who have not expressed opinion one way or the other. Even in selecting the jury, care is

taken to ensure that no one is there who is even remotely connected. Now, a suggestion was made that in a Parliamentary enquiry we have the majority from the ruling party and the rest are in minority. That is not the basis on which you get at the truth or come to findings in an inquiry of this nature. So, what is the position? The position is that so far it is clear that this Government has taken every possible precaution to ensure that there is no kickback.

SHRI NIRMAL CHATTERJEE (West Bengal): In future!

SHRI LAKSHMI KANT JHA: No. In this particular case, and not in future. Care has been taken.

Fourthly, although there have been allegations they have not been clear, crystal-clear and specific and such of them as have been specific have turned out to be false.

Fifthly, the Government stands committed to punish the guilty whosoever he may be and you cannot ask for more. Thank you, Sir.

MR. CHAIRMAN: Now, Mr. Dipen Ghosh.

SHRI NIRMAL CHATTERJEE: Sir, may I make a submission? Sir, Mr. L. K. Jha spoke just now and I respect him very much because of his sophistication... (Interruptions).

MR. CHAIRMAN: There is no point of order in this. Yes, Mr. Dipen Ghosh.

SHRI NIRMAL CHATTERJEE: Just a minute, Sir. I did not say that I am on a point of order. I just want to make one submission.

MR. CHAIRMAN: It will be a point of disorder. Please sit down. (Interruptions).

SHRI NIRMAL CHATTERJEE: I just want to make a submission, Sir. (Interruptions).

MR. CHAIRMAN: Somebody else can speak on behalf of your party. I have given the floor to Mr. Dipen Ghosh and, so, nobody else will be allowed to speak.

SHRI NIRMAL CHATTERJEE: I just want to make a submission.

MR. CHAIRMAN: Submission at this stage? Under what rule you are making the submission? No, I am not allowing. Yes, Mr. Ghosh.

SHRI JASWANT SINGH (Rajasthan): Sir, the honourable Member Mr. Jha mentioned me. I just want to make a submission only. (*Interruptions*).

MR. CHAIRMAN: No. Nothing will be recorded.

SHRI JASWANT SINGH: You can permit me, Sir. (*Interruptions*).

MR. CHAIRMAN: No. Permission is not granted. Yes, Mr. Dipen Ghosh.

SHRI DIPEN GHOSH: The only submission is that you should submit to the Chair. (*Interruptions*).

Mr. Chairman, Sir, I start from the end part of the statement made by the Minister of State for Defence, Mr. Arun Singh, wherein it has been stated:

"The report"—meaning, of course, the Swedish Radio report—"is one more link in the chain of denigration and destabilization of our political system."

Sir, as the disclosure of cor-
1.00 P.M. ruption in high places follows more disclosures, the ruling party at the Centre, obviously by Pavlovian reaction, has regressed to the political rhetoric of early 70's, which has found a mention in the import of the Minister's statement.

Sir, my basic question to the Minister—and he is not present here; Mr. Jacob is noting, please note—is:

who is destabilising whom? If there is any destabilising factor in our country, in our system, then it is the Central Government led by Mr. Rajiv Gandhi which is destabilising the system.

AN HON. MEMBER: No.

SOME HON. MEMBERS: Correct.

MR. CHAIRMAN: I want again to advise that every Member has got a right to say whatever he wants within the four parameters of the rules and conventions. If you go on commenting on that, they will not be keeping quiet when you speak. Then there will be no debate. Therefore, once again I appeal to both sides not to interrupt the other. Hear patiently whatever others have to say. Uncharitable things are spoken in Parliament and they are not unparliamentary. Therefore, please have the patience to hear each side.

SHRI DIPEN GHOSH: Think you, Sir, you may recall that our Prime Minister, while electioneering in West Bengal, has called upon the people of West Bengal to storm the red fort or the red citadel in his own verbiage. May I ask: By storming the left citadel, if there be any, can the system be protected from destabilisation? By attacking the left forces, radical forces, in our country, by asking the people to destabilise the system which they have built up in Bengal, can you prevent the destabilisation? No.

Sir, the main question about today's discussion is buying of arms from Bofors of Sweden, and while buying or rather while selling the arms by Bofors of Sweden, whether that firm had taken the bribe or kick-back or commission, whatever it may be called. But the question is who is this Bofors? The Bofors supply arms illegally, by violating the rules of their own country, to South Africa, to Israel, to Iran and to Pakistan.

In the Resolution passed by the A.I.C.C., on the Central Working

Committee, while mentioning the forces of destabilisation, while identifying the forces of destabilisation, both foreign and internal, the name of one country has been taken and the name of another country has been indicated. The two countries are Pakistan and U.S.A. Sir, my question is: Buying of arms, even without receiving kick-back or commission, from a firm which supplies arms to my enemy, does it not destabilise our country, our system? Sir, now the leaders of the ruling party are raising the question—I am not saying ‘bogey’—of destabilisation or the working of the forces of destabilisation. It is we Communists who raised it earlier and you Congressites undermined it at that time. Sir, there were negotiations already. But, I am told, those negotiations are continuing. It has not yet been discontinued. At least I am told in this House that the negotiations is going on between the Government of India and the Government of the U.S.A. for import of high technology for defence research in our country. If the forces of destabilisation are identified as those backed by the U.S. imperialists, then I may put two questions: By entering into an agreement with the U.S. imperialists to import high technology for the purpose of defence research in our country, are we not running the risk of destabilising our system and defence capability? Sir, in reply to a question raised in this House by my colleague, Mr. Sukomal Sen, it was stated that when the U.S. team had visited this country to take part in the negotiations, they were allowed to inspect some of the Defence sites in our country, some of the defence installations. Although a supplementary was raised in the name of secrecy, the places of those defence installations were not mentioned. Sir, my question is this. If the situation is such as reflected in the C.W.C. resolution of the Congress (I) and as reflected in the reply of the Minister of State that the forces of destabilisation, both foreign and internal, are

at work to destabilise our polity and to destabilise our economy, then does not the premission given to the U.S. defence team to visit our defence sites and installations run the risk of destabilisation of our defence preparedness or our defence capability? I would rather like to have a specific reply to these questions.

It has been mentioned in the Resolution about the Chilean experience and about the Latin American experience. We know the history and how the Chilean system was destabilised and how the system of various countries in Latin America was destabilised. Through whom was it done? Through multi-nationals. Through western multi-nationals. By adopting a new economic policy, you are opening the doors and sending invitation to the western multi-nationals, particularly the U.S. multi-nationals. Therefore, by this does this Government not run the risk of destabilising the country's economy? Will you put this question to your leader? I know that there are various Members on that side who are genuinely afraid of these forces of destabilisation. But, will you please put this question to your Leader that when in the Resolution it was mentioned that the forces of destabilisation are at work to destabilise the polity and the economy of our country, the very same Government is inviting Western multinationals and US multinationals to take part, to invest, in which field, not in the field of producing cotton textiles but in the field of producing telecommunication equipment in the field of producing defence equipment? By that, do you not expose the country's polity and economy to be manipulated by the US imperialists? The time has come to reply to this question when you have yourself raised this question of forces of destabilisation. I would ask, I would expect my hon. colleague, the Minister of State for De-

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fence, Mr. Arun Singh, to reply because he is looking after Defence Research and Development.

Sir, Mr. L. K. Jha has pointed out and in the statement also made by Mr. Arun Singh it has been mentioned that there has been no commission agent and that no commission was paid to any agent. Obviously, I believe, I believe in the statement that the Defence Ministry followed strictly the instruction of your Prime Minister which Mr. L. K. Jha has pointed out and which Mr. Arun Singh has mentioned in the statement that no commission agent was appointed or rather Bofors were told that there shall not be any commission agent and there shall not be any commission to be paid to any agent. But what is the charge? The charge in this case is not paying of commission to a duly appointed commission agent. The charge is of bribing. The charge is of bribing the Indian high politicians so that India buys equipment from the Bofors. Sir, what is the fact of life? Mr. L. K. Jha was in the Administration for a long time. He had a varied experience. And he had come across in his long administrative life many instances of giving and taking bribes in the Government. But, Sir, when anybody gives any bribe or anybody takes any bribe or receives any bribe, does he pay or does he receive it leaving behind any evidence to be handed over to any inquiry commission? Bribe is always dealt with under the carpet.

AN HON. MEMBER: Under the table.

SHRI DIPEN GHOSH: So, Sir, here the charge is that under the code name 'Lotus' this banking operation had taken place through a bank account in a Swiss bank which my colleague, Mr. Gurupadaswamy, has referred. Sir, Lotus is the

national flower of our country and may be I wonder whether Lotus name was taken because the bribe was given to the first national party in our country. Somebody had stated that 'Lotus' is the election symbol of the BJP. But I checked up when I was told that the Sanskrit meaning of 'Lotus' is 'Rajiv'. I do not want to draw any inference between the two. It is left to you Sir, from the Statement I see that there are four competitors, apart from the Bofors of Sweden, of Britain, of West Germany, of France and of Austria. Is it so?

SHRI ARUN SINGH: Three, other than Bofors.

SHRI DIPEN GHOSH: Four, then it was shortlisted to two, one of Bofors and one of France. Sir, it has been explained here that at two stages the talk had taken place between representatives of two Governments, one in order to certify the quality or the purposefulness of the equipments which we wanted to possess and another was the prices; and at two stages it is reported. And also in the statement indications have been given that our Prime Minister had to take a meeting or had to discuss the matter with his counterpart of Sweden.

SHRI ARUN SINGH: May I just say a word? Thank you for yielding. The prices were not discussed with the Government of Sweden. The Government of Sweden has nothing to do with the prices. The prices were discussed with Bofors, which is a Swedish company. The Government of Sweden was not involved in any price negotiations. I have not said so anywhere in the statement. I just want to make the factual position clear.

SHRI DIPEN GHOSH: I am not quoting the newspapers because after Mr. L. K. Jha's tirade against the press, I am afraid to quote from a newspaper. But, however, I will be quoting from the statement of the

Minister where it is said that there was a price negotiating committee headed by a senior official of the Government of India and surely that price negotiating committee was constituted to negotiate the price. Exactly so...

SHRI ARUN SINGH: But not with the Government of Sweden.

SHRI DIPEN GHOSH: But Bofors, exactly. At two stages did the Prime Minister intervene.

SHRI ARUN SINGH: On the subject of prices?

SHRI DIPEN GHOSH: One is about the quality. To certify the quality of these equipments.

SHRI ARUN SINGH: Where?

MR. CHAIRMAN: I think Mr. Arun Singh must take down all the points to be explained by him in his reply.

SHRI DIPEN GHOSH: All right. I quote from here. I am confining to the statement. In the case of Bofors, opportunities arose during the visit of Mr. Karl Johan Aberg, Permanent Under Secretary of State Foreign Trade of the Swedish Government as well as during personal consultations between our Prime Minister and the late Mr. Olof Palme. The aforesaid position has been confirmed by Mr. Aberg in a statement made by him on April 17, 1987 regarding the Bofors contract with India. So, it appears that the Prime Minister had to intervene at a certain stage before finalising the deal with Bofors of Sweden to buy all this equipment. And two parties were there. The negotiations had taken place or talk or whatever you call it, had taken place between Rajiv Gandhi and late Mr. Olof Palme. And, Sir, all the circumstances and whatever you may call it, the circumstantial evidence suggests and the fact of life also is that the ordinary people in the street will believe or are inclined to believe that when other competitors are be-

ing slighted, and the orders are being placed on a particular firm, so in the ethic or philosophy of business, free business world, some deal has been made under the carpet. This is the suspicion. I am not saying that it is a fact. This is the suspicion and I quote, not from a newspaper, which Mr. L. K. Jha had quoted, and whom he described as, not that much of what shall I say, dependable newspapers. But at least the owner of this newspaper is the hon. Member of this House and it appears that the newspaper is very close to the ruling party, that is, 'Hindustan Times' and I quote from the editorial of this newspaper of 8th of April: "The reasons are not far to seek. Funds are needed in ever larger amounts to finance party and electoral activity. Until the repeal of the ban on company donations in 1985, the Government had left no avenues open for the political parties to receive legal contributions. Between 1980 and 1985, industrialists were puzzled at the drop in demand for political contributions. The belief that the party was being funded by kickbacks on foreign contracts, including arms deals, was fuelled as much by the absence of any other source of funds as by the rumours periodically made by the rounds in Delhi of large kickbacks having been paid on the Sea-Harriers, the Mirages, the Jaguars, and so on."

AN HON. MEMBER: And the Birlas should know.

MR. CHAIRMAN: He is only tendering evidence.

SHRI DIPEN GHOSH: This is the question. There is a strong suspicion; even factually this is a suspicion as to wherefrom the political or electioneering activities of the ruling party are funded. The other day, there was a news item, even in a national daily, that for two observers who went to Calcutta in connection with the selection of candidates and overseeing electoral preparations of their party, a bill amounting to Rs. 4 lakhs for their lodging in a hotel, has been submitted to the

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Pradesh Congress-I. That is the bill that has been submitted by the hotel. So, I am referring to this matter only to bring home the point that a huge amount of money is needed for conducting political and electoral activities of the ruling party. Wherefrom does it come? The suspicion has been expressed by the 'Hindustan Times' in its editorial comment that upto 1985, legal contribution by the companies to political parties was banned. Only in 1985 this ban was lifted. Wherefrom they could get money unless there were kick-backs on foreign contracts? So, that suspicion has to be removed from the minds of the people.

There has been a denial by the Government above the existence of any commission agents or any kick-back agents. But the newsmen of the State Swedish Radio has threatened — the other day I saw — that he will disclose the list of the recipients. Sir, it is apprehended that more uncomfortable disclosures will come out. So, Mr. Minister, it would be in the Government's interest, not only in the interest of the country, not only in the interest of the nation, it will be in the Government's interest to reveal the facts, rather than let others do it in dribblets. Therefore, Sir, I would call upon the Government side to accede to our request and set up a Parliamentary Committee because a Parliamentary Committee can maintain the secrecy of the documents they will process through, the evidence they will process through and, at the same time, they can bring out the truth to the knowledge of Members of Parliament. In this respect, I do not agree with Mr. L. K. Jha when he said that a Parliamentary probe will not be impartial Sir, for his enlightenment, I would like to quote what the late Mr. Feroze Gandhi, who was a Member of the Lok Sabha, had said, while demanding the setting up of a Parliamentary Committee to go into

the Mundhra scandal. With your permission, Sir, I quote:

"I demand that the Government institute an enquiry into this questionable transaction. There is already a precedent for such action. When charges less serious than this were levelled against the Industrial Finance Corporation, the then Finance Minister, Mr. Deshmukh, appointed a Committee and the Chairman of that Committee was a Member from the Opposition. Let us hope that our Finance Minister will follow the example of his predecessor. Mr. Speaker, this debate has been a very heavy strain on me both mentally and physically. It has not been easy to collect all these figures and place them before the House in a concise way, because the transaction goes into lakhs and lakhs. An unfortunate thing has happened. But I do not think there is any reason to be ashamed of it. I am a champion of the Public Sector I was one of the persons who championed life insurance nationalisation."

This is for Mr. Jha and Mr. Singh. He said:

"I am not ashamed to face an enquiry. I would like the public to know. I would like the Government to know and I would like Members of Parliament to know, that in the Public Sector when such a thing happens we are prepared to face an enquiry and get at the bottom of it."

Again, he said:

"I hope, the hon. Finance Minister will accept this suggestion of mine and appoint a Committee in which this House would be well-represented. I would prefer a Committee of this House. I am not much enamoured of the word 'judicial'. I think, we are quite capable. We can look after this enquiry. I hope, in the end, that this small suggestion of mine will be acceptable."

I do not know whether Mr. Rajiv Gandhi will follow his father's footsteps or he will choose his mother's footsteps. But I would expect Mr. Arun Singh to accept my proposal, this small suggestion of mine, and agree to set up a Parliamentary Committee. Thank you.

MR. CHAIRMAN: Mr. Bhandare. You can start and then we will adjourn for lunch.

SHRI MURLIDHAR CHANDRAKANT BHANDARE (Maharashtra): Mr. Chairman, I am a little sad when I rise to speak because I felt there were far more important questions which could be discussed, like the killings in Punjab, the agitation over Babri Masjid...

SHRI M. S. GURUPADASWAMY: We have been debating. (Interruptions)

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Sir, may I continue afterwards? They are not allowing me to speak.

MR. CHAIRMAN: The House is now adjourned for lunch and we will meet again at 2.30 p.m.

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

The House reassembled after lunch at thirty-three minutes past two of the clock. Mr. Chairman in the Chair.

STATEMENT BY MINISTER

II. Regarding the incident of fire which damaged some of the units of the Directorate of Extension under the Ministry of Agriculture and a shed belonging to the Food Corporation of India on the 19th April, 1987, Pusa Complex, New Delhi.

THE MINISTER OF AGRICULTURE (SHRI G. S. DHILLON) Sir, A fire broke out on 19-4-1987 at about 9.20 A.M. which damaged some of the units of the Directorate of Extension and a shed of the Food Corporation of India. The cause of the fire is being investigated and the extent of the damage is being assessed. Preliminary assessment indicates that the damage to property, other than the civil structures, maybe about Rs. 50.00 lakhs in the case of the units of the Directorate of Extension and about Rs. 1.36 lakhs in the case of Food Corporation of India. No injury or loss of life has been reported.

Senior officers from both the departments have visited the site of the fire.

SHORT DURATION DISCUSSION ON PURCHASE OF GUNS FROM BOFORS OF SWEDEN — Contd.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Thank you, Sir. As I was just mentioning before the recess, there are very very more important questions and yet when I find that the opposition is insisting on raising this question into the merits of which I will go a little later, I tried to ask myself what is the reason for this. I look at the coincidences but I fail to be convinced that these are mere coincidences starting from Fairfax. Admittedly, it was the result of a fight between two industrial houses, a dog-eat-dog fight, which engulfed, unfortunately because of throwing in of a towel by a press baron, all the democratic institutions in our country. It engulfed the press, it engulfed the Government and it also engulfed the Members of Parliament and I had occasion to say that we must put a stop to this sort of our participation in private feuds.