

SC to hear Jayalalithaa's petition on Friday

By J. Venkatesan

Corruption
HD-1

NEW DELHI, SEPT. 3. The Supreme Court will hear on Friday, September 7, a petition filed by the Tamil Nadu Chief Minister, Ms. Jayalalithaa, for vacating the interim stay on the hearing of her appeals in the Madras High Court, challenging her conviction in the 'TANSI land deal' and 'Pleasant Stay Hotel' cases.

A Bench, comprising Mr. Justice S.P. Bharucha and Mr. Justice Y.K. Sabharwal, posted the petition (which also prayed for the dismissal of the transfer petition filed by the State prosecutor, Mr. K.V. Venkatapathi) for hearing on Friday after senior counsel for Ms. Jayalalithaa, Mr. K.K. Venugopal, mentioned it for early hearing of the matter.

In her petition filed in response to the notice issued by the Supreme Court on August 30, Ms. Jayalalithaa assailed the averment of Mr. Venkatapathi for transfer of the appeals to some other High Court which said "in view of the fact that the appellant is a Chief Minister of the State, and therefore, it raises serious doubts about the fair and impartial conduct of the appeal before the High Court".

'Indictment of judges'

The petitioner also submitted that to say that each of the 36 judges of the Madras High Court would be biased in her favour and that no impartial judgment would be delivered "is not only an indictment of the judges of all the High Courts but also of the very justice delivery system in the country itself".

Ms. Jayalalithaa submitted that there were any number of Chief Ministers who while in office had been indicted by the High Court judges. A statement of this nature coming from the prosecutor for transfer of the cases would seriously shake the confidence of the public in the impartial and independent discharge of functions by the High Court judges.

She further said that "there are political overtones in the case as she won a landslide victory, in the teeth of opposition by the main ruling party at the Centre and the DMK party at the State level, at the polls".

She alleged that "the combined effort of these

political parties appears to be to drag on the proceedings and delay it as far as possible so that ultimately she will not even have a chance of trying to clear her fair name through the judicial process with the result that on the expiry of six months of her present tenure (on November 13), instability would be brought about in Tamil Nadu to the advantage of the main Opposition party".

Ms. Jayalalithaa pleaded that the facts stated in the petition filed by Mr. Venkatapathi in which an ex-parte stay was granted by the court on August 30 had suppressed material facts, were incorrect and intended to mislead the court.

She said that excerpts of the TV interview (a video cassette of the interview was also filed in the court) given by Mr. Venkatapathi on August 27 would show that the High Court judge had extended to him all facilities for effectively preparing and addressing arguments.

Ms. Jayalalithaa said if the true facts had been known, the Supreme Court would not have granted a stay of the trial in the High Court, where two of the appellants had already completed their arguments in four of the appeals and the remaining appellants would only take a few more hours to complete their arguments.

Constitution Bench to hear PILs

Meanwhile a five-judge Constitution Bench will hear on Tuesday a batch of Public Interest Litigation petitions challenging her appointment as Chief Minister by the then Tamil Nadu Governor, Ms. Fathima Beevi on May 14.

A petition seeking to restrain her from functioning as the Chief Minister following the Court's recent judgment that convicted public servants shall not hold public office would also come up for hearing before the Bench.

A Bench comprising Mr. Justice K.T. Thomas and Mr. Justice S.N. Variava today adjourned by three weeks a special leave petition (SLP) filed by the CBI against the order of the Madras High Court staying the trial of the 'SPIC disinvestment case' pending before a special court in Chennai.

THE STATESMAN

- 4 SEP 2001

SC hearing on petitions against Jayalalithaa's appointment

By J. Venkatesan

NEW DELHI, SEPT. 4. The decision of the then Governor of Tamil Nadu, Ms. Fathima Beevi, to appoint the AIADMK leader, Ms. Jayalalithaa, as Chief Minister of Tamil Nadu, despite her conviction and consequent disqualification was today assailed by several lawyers before a Constitution Bench of the Supreme Court, which began hearing a batch of petitions questioning the validity of her appointment.

Mr. Fali S. Nariman, MP and senior counsel for one of the petitioners, Mr. V. Selvaraj, a Chennai advocate, criticised the Governor for swearing in a "disqualified person" as the Chief Minister.

The Bench, comprising Mr. Justice S.P. Bharucha, Mr. Justice G.B. Pattanaik, Mr. Justice Y.K. Sabharwal, Mrs. Justice Ruma Pal and Mr. Justice Brijesh Kumar, earlier dismissed an application filed by Ms. Jayalalithaa for adjournment of the proceedings for three weeks on the ground that her appeals in the "TANSI cases" were pending before the Madras High Court and that her acquittal would have a direct bearing on these proceedings.

Mr. Nariman said, "I am rather amazed that the Governor, an eminent person, had done this. She (Governor) ought to have satisfied that on the date of appointment of Ms. Jayalalithaa as the Chief Minister, the AIADMK leader was disqualified to become a member of the Assembly." Mr. Nariman contended that the present situation would not have arisen if only the Governor had considered the disqualification aspect. Appointing Ms. Jayalalithaa as Chief Minister after all her four nominations to contest the elections were rejected, "is a clear defiance of the provisions of law".

Counsel wanted the court to consider "how far popular democracy can go even if it be against the rule of law and the spirit of the Constitution". Describing Ms. Jayalalithaa's appointment as unfortunate, he said "only the Governor has to be blamed for that". He asserted that Article 164 (4) of the Constitution (which provides for a person to become a Minister without being elected as a Member of the Assembly) was only an exception and an ad hoc provision to enable such a

person to become a Member within six months.

The Attorney-General, Mr. Soli J. Sorabjee, who has been asked to assist the court, submitted that "if a person chosen to become a Minister suffered a disqualification, then his/her appointment as Chief Minister or Minister is bad *ab initio* and such a person cannot be appointed as there is inherent incapacity".

Mr. Ashok Desai, former Attorney-General and senior counsel for Mr. B. R. Kapur, contended that a person who had been appointed as Minister without being a Member of the Assembly should be qualified to get elected to the Assembly within six months.

But in the case of Ms. Jayalalithaa, she was barred by the Election Commission from contesting elections because of her conviction and hence on the date of her appointment she did not possess the requisite qualification to become a member.

Mr. Anil Diwan, senior counsel for two other petitioners, contended that the Governor's decision would "blatantly encourage and condone corruption and empower a convicted person to occupy the Chief Minister's office". The precedent set by the impugned decision would even lead to a situation when a convicted murderer or a dacoit could be appointed not only as a Minister but also as a Chief Minister or even the Prime Minister. To a question from the Bench whether even a terrorist from Jammu and Kashmir could be appointed as a Minister or Chief Minister, Mr. Diwan answered in the affirmative.

Court upset over telegrams

Mr. Justice Bharucha brought to the notice of Mr. Venugopal that the court had received a bunch of telegrams from the members of the Madras Bar Association calling the Special Prosecutor, Mr. K. V. Venkatapathi, who has filed a petition in the Supreme Court for transfer of the appeals in the TANSI case, a "liar".

The judge told counsel that "this is absurd. This is not done. We will convey to whomsoever concerned that I expect this to stop immediately". Mr. Venugopal said, "this is not only counter-productive but also stupid. This shows the ignorance on the part of those who sent these telegrams."

SEP 11 1975
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Prove your charges, tehelka tells Govt

New Delhi, September 10

THE TEHELKA news portal today accused the Government of trying to "falsely discredit" its "honest" journalistic investigation into alleged corruption in defence deals.

Appearing before the Venkataswami Commission, it called upon the Government to produce evidence to prove its allegations against the defence expose. The matter will be decided tomorrow.

Responding to the Government's charge that "economic motives" were behind the portal's investigation that led to the downfall of some prominent political leaders, tehelka news portal Chief Executive Officer Tarun Tejpal demanded that the Government produce evidence to prove the "serious allega-

DEFAMATION SUIT

UNION MINISTER for Consumer Affairs, Food and Civil Supplies, Srinivas Prasad, on Monday filed a defamation suit against tehelka.com for making allegations against him on the issue of bribes in defence deals. Prasad said the news portal had defamed his name and questioned his personal integrity. **HTC, Bangalore**

tions" made by them.

The Government would have to place on record the evidence it had collected on the issue, it said, to justify directing agencies including the Income Tax and the Sebi to conduct "so-called investigations" against the portal.

Emphasising that the allegations were "devoid of any

truth", Tejpal also demanded that notice be issued to Shanker Sharma, owner of First Global, who was charged with share market manipulation along with the Buffalo Network (owner of tehelka.com).

Additional solicitor-general Kirit N Raval said investigations were on and if the information was made public at this juncture, there was a possibility of the pending investigation getting prejudiced.

The Government was in the process of identifying various entities like brokers and sub-brokers involved in the "massive scale of operations in share market which led to its crash", Raval said.

The Commission could not take up the 2 (d) clause of the 'Terms of Reference' looking

into the making and publication of these allegations as most of the parties today concentrated on the discrepancies between transcripts of the edited and unedited tapes.

The commission made it clear, however, that the complaints arising out of edited tapes would only be entertained though the tehelka ruled out any objection to re-verification of the two transcripts.

The Venkataswami commission, which received requests from various parties to appoint an expert to look into the "authenticity" of the tapes, said the matter would be taken up when it looked into the Clause 2 (d) of the terms of reference.

Tehelka's version on the issue would also be heard, the commission said.

PTI

THE HINDUSTAN TIMES

11 SEP 2001

Court deals Jayalalithaa another blow

New judge will now hear cases
against the Tamil Nadu CM

HT Correspondent
New Delhi, September 7

TAMIL NADU Chief Minister J Jayalalithaa's chances of retaining her chief minister-ship have suffered another setback. The Supreme Court today ruled that the appeals in the Madras High Court against her convictions would be transferred to another judge. It also ruled that they could not be heard before October 1.

Jayalalithaa will have to be elected to the Tamil Nadu Assembly by November 13 to remain Chief Minister. To be able to contest elections, she has to be acquitted in the Tansiland scam and Pleasant Stay Hotel cases being heard by the Madras High Court. The six-month period in which a person who is not a member of the Assembly can hold a minister-ship ends on November 13.

The Bench ordered that the incoming Chief Justice of the Madras High Court should nominate, within a week of taking over, the new judge who would hear the appeals.

Attorney General Soli Sorabjee appeared for KV Venkatapathy, the special prosecutor in the criminal cases against Jayalalithaa. Venkatapathy had sought transfer of the appeals

from the Madras High Court to any other High Court on the ground that he was being denied access to necessary documents. The petition alleged that fair disposal of the appeals was impossible because of the manner in which the appeals were being heard.

On Sorabjee's submission that the transfer of appeals from Justice R Balasubramaniam's court should not be construed as reflecting on his integrity, the Bench said: "We do not intend to make any adverse comments against the judge."

The Bench objected to Jayalalithaa's counsel KK Venugopal's contention that the purpose of the transfer was different. "We all have been lawyers. Lawyers cannot do justice to their brief without getting papers from the other side," Justice Bharucha said.

Taking serious note of the manner in which Jayalalithaa's appeals had been heard, the Bench rejected Venugopal's plea that the High Court hearing should commence earlier given the November 13 deadline. Justice Bharucha said: "We understand all that. But it does not mean that justice will not be done to her."

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- 8 SEP 2001

No licence to subvert Constitution: SC

UNI & PTI

NEW DELHI, Sept. 6. - The Supreme Court today said securing people's mandate did not give licence to a person to subvert constitutional provisions. The court's observation came during the resumed hearing of the petitions questioning the validity of Miss J Jayalalitha's appointment as Tamil Nadu chief minister.

The court asserted its constitutional obligation to debar, if necessary, by judicial intervention corrupt and convicted people from holding high constitutional offices.

"The situation in the country

is such that if necessary, we may even go into the question of imposing moral values for persons to hold public office," Mr Justice SP Bharucha said.

Mr Justice Bharucha was responding to Mr Venugopal's contention that the corruption issue, in this case, was irrelevant. The only relevant thing was the people's mandate.

Mr Venugopal said the electorate believed Miss Jayalalitha had been wrongly and falsely convicted in the Tansi and Pleasant Stay Hotel corruption cases.

He said the AIADMK won a massive majority in the last Assembly elections because the electorate knew if the party

came to power, Miss Jayalalitha would head the government.

The other judges on the Bench were Mr Justice GB Pattanaik, Mr Justice YK Sabharwal, Ms Justice Ruma Pal and Mr Justice Brijesh Kumar.

Justifying Ms Fatima Beevi's decision to appoint Miss Jayalalitha as chief minister, Mr Venugopal said: "If the Governor looks into any other criteria other than the fact that the elected leader of the legislature party enjoyed the majority support of the House, then will of the people will be defeated."

On the Governor's discretion to appoint a chief minister, the

Bench said "We are yet to come across a Governor who has sworn in a person convicted under Prevention of Corruption Act. We have a Constitution which has never imagined this. We have judgments which have never conceived this."

Mr Venugopal said the people of Tamil Nadu believe that "her conviction has become an irrelevant factor and they believe that she has been unjustly convicted. And hence, as the people's will is supreme she could become the chief minister."

Mr Justice Bharucha said: "By all means. In that case she

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(Continued from page 1)

JAYA:

should wait till the order of conviction is set aside. Because of this feeling, should Constitution be thrown overboard? We are hearing you and not the people. This kind of proposition will be dangerous."

Mr Venugopal said if a sitting member of Parliament gets convicted for an offence, he does not get disqualified immediately. His disqualification takes place only after the final court of appeal upholds his conviction.

He said: "If a murderer can continue as MP, a minister, a chief minister or a Prime Minister until the final court of appeal affirms his conviction, it will be reasonable to interpret that Miss Jayalalitha's conviction is not final till it's affirmed by the final court of appeal."

Mr Justice Pattanaik said: "If it can be so construed, then according to you, it's open for anybody, whether convicted or not, to go to the electorate and get elected and assume office."

To this, Miss Jayalalitha's counsel said: "If the Constitution itself was silent on the qualifications or disqualifications of a non-elected member appointed as chief minister, how could the Court interpret the provisions to supplement that."

Responding to Mr Venugopal's argument that the verdict of the final court of appeal should be taken as ground for disqualification, Mr Justice Sabharwal said: "If the feeling

of the people of Tamil Nadu is that she has been convicted unjustly, the same criteria could be applied for the verdict of the superior courts. This bothers us."

Mr Venugopal said as per the Constitution, it would be mandatory for the Governor to appoint as chief minister a person, elected by the legislature party enjoying overwhelming majority in the House, even if a disqualification existed on the date of such appointment. The hearing will resume next Tuesday.

Plea for transfer of cases: Tomorrow, the Supreme Court will hear a petition filed by special prosecutor, Mr KV Venkatapathy, seeking transfer of appeals filed by Miss Jayalalitha against her convictions in three cases, from Madras High Court to another High Court.

The petitioner, appointed as special prosecutor in the case by the High Court, sought transfer of the appeals to any other High Court on the ground that the manner in which the hearings were conducted, it was "impossible" to maintain fairness. Mentioning the petition before a Bench headed by Mr Justice SP Bharucha on 30 August, the Attorney-General, Mr Soli J Sorabjee, had said the request for time by the special prosecutor to read the voluminous papers of the case was refused by the Bench. He wondered "whether the proceedings could be termed a farce or a tragedy".

- 7 SEP 2001

SETBACK TO JAYALALITHAA IN TANSI CASE

S.C. stays proceedings in Madras High Court

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By J. Venkatesan *anna*

NEW DELHI, AUG. 30. The Tamil Nadu Chief Minister, Ms. Jayalalithaa, today suffered a legal setback when the Supreme Court stayed all further proceedings in the Madras High Court in the appeals filed by her challenging her conviction in the "TANSI land deal" and "Pleasant Stay hotel" cases.

With this intervention, it is unlikely that Ms. Jayalalithaa will be able to become a member of the Tamil Nadu Legislative Assembly by November 13, when her six-month term as Chief Minister without being a legislator ends.

A Bench, comprising Mr. Justice S.P. Bharucha, Mr. Justice Y.K. Sabharwal and Mr. Justice Ashok Bhan, while staying the on-going proceedings, also issued notice to the CB-CID, Tamil Nadu and Ms. Jayalalithaa, on a petition, which also sought the transfer of the appeals to some other High Court from the Madras High Court.

The Bench said, "we have heard the Attorney-General. He has referred to us the transfer petition and the application made by the petitioner before the Madras High Court on August 27. We note that the petitioner is an ex-Advocate General of the State of Tamil Nadu and that he is appearing for the prosecution as Special Prosecutor in the appeals, having been appointed by the High Court."

"We cannot lightly disregard his statement, made on oath before us, that what is stated in that application is correct and that the application was orally rejected and the appeals were directed to be proceeded with immediately. The appeals have been going on for the last three days and we are told that counsel for the second respondent is still addressing the High Court," the judges said.

"If what is stated in the transfer petition is correct, and in the circumstances we have no reason, prima facie, to disbelieve it, it is appropriate that notice be issued on the transfer petition and that the continuance of the hearing of the criminal appeals be stayed," the Bench added.

The petition filed by Mr. K.V. Venkatapathi, Special Prosecutor for conducting the appeals, said it was impossible to maintain fairness given the manner in which the hearings were being held.

Ms. Jayalalithaa has been sentenced to undergo three years imprisonment in the TANSI case and one-year imprisonment in the hotel case. The High Court in October last had stayed the operation of the sentence but declined to stay the conviction and, as

a result Ms. Jayalalithaa could not contest the Assembly elections held in May.

Ms. Jayalalithaa is waiting eagerly for the High Court verdict in these appeals as her acquittal will enable her to contest the elections before the expiry of the six-month period in November and continue as the Chief Minister. With the apex court staying the on-going proceedings, it would not be possible for the High Court to pronounce the judgment immediately.

The Attorney-General, Mr. Soli Sorabjee, mentioning the petition before the apex court Bench today, said even the request for time by the Special Prosecutor to read the voluminous papers of the case was refused by the judge hearing the appeals in the High Court.

"Whether the proceedings can be termed a farce or a tragedy it is expedient in the interest of justice that these appeals are directed to be transferred from the Madras High Court to any other High Court especially in view of the fact that the appellant in the appeals is the Chief Minister of the State," Mr. Sorabjee submitted.

He said there were over 2,200 papers in all the appeals and the High Court had refused permission to get copies of them. He described this as an extraordinary event taking place in the Madras High Court. This would shake the public confidence in the judiciary, held in high esteem everywhere, he added.

In his petition, Mr. Venkatapathi said he was not provided with the necessary papers pertaining to the appeals and without these papers he would not be able to discharge his duties as an impartial counsel. From the proceedings of the High Court, it was clear that a fair disposal of the appeals had become impossible and the very purpose of appointing him as an independent prosecutor was undermined and frustrated, he said.

The petition alleged that though the appeals were filed by Ms. Jayalalithaa in October last, suddenly after the new Government came in, an urgency was perceived in the disposal of the appeals.

The most disturbing part was that Ms. Jayalalithaa, after being sworn in as the Chief Minister, decided to go ahead with the prosecution of her appeals through the public prosecutor of the State Government appointed by her. Later, on the basis of PILs filed against the hearing of the appeals by State-appointed prosecutors, the High Court appointed Mr. Venkatapathi to prosecute the appeals, it said.

31 AUG 2001

Das Munshi letter appears forged: CBI

Vinod Sharma &
Sudhi Ranjan Sen
New Delhi, August 25

COMMUNIST
H.P. 1

26/8

THE LETTER that Congress leader Priya Ranjan Das Munshi had flaunted in the course of the disinvestment debate in the Lok Sabha — claiming it to be the Cabinet Secretary's communication to the Prime Minister's Principal Secretary — has been prima facie found to be forged.

Sources in the CBI, which registered a case of forgery following a complaint by the Cabinet Secretariat last night, said they had "reasonable suspicion" about the letter's authenticity. "It prima facie appears to be a forgery," they remarked.

However, to be doubly sure, the CBI has asked its handwriting experts to study the Cabinet Secretary's signatures and other initials on the typed four-para letter. It has also sought some more details from the Government about the 'filing sequence' of which the purported letter (dwelling upon disinvestment of Air India) could have been a part.

The initial reading of well-informed officials is that the letter could have been planted on Congress MP by vested business interests. In pursuit of this line of probe, the CBI has sought legal opinion on whether it can question Das Munshi, who enjoys constitutional immunity for his actions in the House. The agency needs to talk to him to trace the source of the disputed document that the

Cabinet Secretary and the HMO have disowned as non-existent.

Even as the CBI grappled with the legality of approaching Das Munshi, the Congress MP let it be known that under no circumstances would he divulge his source to the investigators. But there were indications of worry in the Congress camp over the snowballing controversy when Sonia Gandhi spoke to her party chief whip on phone.

Reiterating his stand about the "authenticity" of the letter, Das Munshi later told the *Hindustan Times*: "Under no circumstances am I going to divulge my source. The CBI probe is nothing but a cover-up by the Government. I will not succumb to their tactics."

The Congress leader claimed the Government felt confident of obfuscating the issue because "I have no access to their files and the record of file movement between the PMO and the Cabinet Secretary". But in the same breath, he said he would apologise to the House if the letter was found to be fake by a parliamentary committee appointed by the Lok Sabha Speaker.

Das Munshi said in his speech, he had also referred to a document of the Enforcement Directorate on FERA violation to the tune of \$300 million by a private company having stakes in AI disinvestment. "The Government has questioned the Cabinet Secretary's letter. But it's silent on the ED's observations," he remarked.

THE HINDUSTAN TIMES

20 AUG 2001

Tehelka scribes hankered after prostitutes, says Jain

STATESMAN NEWS SERVICE

NEW DELHI, Aug. 25. — The slanging match between *tehelka.com* and its "prize catches" continues.

Mr RK Jain today said it was the Tehelka team which was "hankering after sex with prostitutes". He denied that he had arranged for prostitutes.

In a statement, he said: "The Tehelka reporters were themselves hankering after sex with prostitutes. Another person arranged for them on Mathew Samuel's request. This was totally contrary to what they claim as their objective".

He further said: "When this split personality of the Tehelka team is considered in juxtaposition with the fact that they maliciously and wantonly deleted my remarks that Mr George Fernandes is honest and never takes money, it's for the people to decide about their motivations."

On the allegation that he had arranged for the prostitutes, Mr Jain said: "This is false. It was Mathew Samuel who first initiated the subject by saying that his chief, who was arriving in Delhi, would like to have 'this thing' and that he liked Indian models. As I had no knowledge or experience in such matters and as Samuel insisted on this, another person arranged for the girls. As is common among men, I did indulge in some loose talk with Mathew Samuel. There is abundant evidence available to prove these facts".

Meanwhile, the portal scribes today denied reports that their women staff members were involved in its sting operation, adds UNI. Tarun Tejpal said no woman member participated in the operation.

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THE STATESMAN

FERNANDES-VAJPAYEE MEETING FAILS TO COME ABOUT

Samata, BJP rally for legal action against Tehelka

By Our Special Correspondent

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HO-1*

NEW DELHI, AUG. 24. The Samata Party kept up its efforts to capitalise on the disclosure of unethical means used by the Tehelka news portal to seek political relief for its beleaguered leaders, Mr. George Fernandes and Ms. Jaya Jaitly. The BJP, too, went along with the indignation of the Samata Party on some kind of action against the Tehelka group.

However, the expected meeting between Mr. Fernandes and the Prime Minister, Mr. Atal Behari Vajpayee, did not come about. Ac-

ording to the sources, till late in the evening, there was no request to Mr. Vajpayee for an audience from Mr. Fernandes though the Prime Minister would have found time for his former Defence Minister had such a request come.

The expectation was that Mr. Fernandes would want to pressure the Prime Minister to disband the Venkataswami Commission of Inquiry. On the other hand, it is believed that the BJP leadership has endorsed a decision to explore the possibility of legal prosecution, if tenable, against the Tehelka group.

Accordingly, in the next few days, two complaints are likely to be filed with the police against the Tehelka.

So far, the decision is that one complaint should be filed in the name of Mr. Ravi Shanker Prasad, a BJP member of the Rajya Sabha from Bihar, and another in the name of Mr. Raghunath Jha, president of the Bihar unit of the Samata Party.

It is believed that the option of unilateral action by the Union Home Ministry, as announced by the Parliamentary Affairs Minister,

Mr. Pramod Mahajan, in the Lok Sabha on Thursday, would be tedious and time-consuming, whereas a clinical operation can be launched against the Tehelka if there is a complaint. The BJP leadership is going along with this because it wants to preempt the pressure from the Samata Party to restore Mr. Fernandes' honour even before he gets a 'clean chit', if at all, from the Venkataswami Commission.

The CPI(M) today took a strong objection to the 'clean chit' given by Mr. Mahajan to Mr. Fernandes in the Lok Sabha on Thursday.

The CPI(M) Parliamentary party leader, Mr. Somnath Chatterjee, said at a press conference that Mr. Mahajan's statement at a time when the Venkataswami Commission was probing the Tehelka tapes was an attempt to whitewash even before the task was complete. "This is a strange attitude," he said.

NDA panel meet on Monday

NEW DELHI, AUG. 24. A meeting of the NDA coordination committee is scheduled for Monday to take stock of the political situation in the wake of the Tehelka tapes revelation and the handling of the issue, NDA sources said here today.

The meeting, to be chaired by the Prime Minister, Mr. Atal Behari Vajpayee, is likely to discuss the progress made by the four-member committee, headed by the NDA's convener, Mr. George Fernandes, to draw up a code of conduct for the alliance partners, the sources said.— PTI

'A bid to tarnish my reputation'

By J. Venkatesan

NEW DELHI, AUG. 24. The former Defence Minister, Mr. George Fernandes, has asserted before the Justice Venkataswami Commission that the allegations and insinuations made against him in the 'Tehelka tapes' were false and meant to tarnish his reputation.

In his reply to the notice sent by the Commission, Mr. Fernandes maintained that in all defence procurements, "I was guided only by considerations of national security and decisions taken by me were based on the advice/inputs of the Armed Forces headquarters and the Defence Ministry".

Explaining how he brought about transparency in defence procurements, Mr. Fernandes said, "I took a decision in January 2000 to have a time-bound and mandatory scrutiny by the Comptroller and Auditor-General (CAG) and the Chief Vigilance Commissioner (CVC) of all past, on-going and future defence procurements. Detailed instructions were issued for referring procurement cases to CAG/CVC and the same were being followed".

On the allegation of Mr. R.K. Jain, former treasurer of the Samata Party that he (Mr. Fernandes) had asked him to lobby for the Advanced Jet Trainer (AJT) manufactured by the Russian MAPO-MiG, the former Minister said, "all my initiatives with regard

to the AJT procurement were based on the appreciation of genuine and urgent requirement. The short-listing of the possible suppliers was done by the IAF and the professional advice of the Air Force was accepted by the Ministry". On Mr. Jain's claim that the decision to induct the Barak systems was manipulated by him and that he had overruled Dr. Abdul Kalam for the purpose, Mr. Fernandes said, "it is absolutely false."

On the reference in the Tehelka transcripts by one Mr. Pant that the Principal Secretary to the Prime Minister, Mr. Brajesh Mishra, would order the Defence Minister in defence procurements, Mr. Fernandes maintained that all defence decisions were taken either within the Ministry - in consultation with the Finance Ministry when required - or were taken by the Cabinet Committee on Security and Mr. Mishra never issued directions to the Defence Minister.

The Tehelka tapes were replete with false, vague and baseless allegations, Mr. Fernandes said and reiterated that in defence procurement, he never had any interaction with any outside person and there could be no question of influence by extraneous considerations and no one could dare to approach him with any request in such matters.

THE HINDU

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Tehelka 'violation' to be probed

By Our Special Correspondent

NEW DELHI, AUG. 23. The Government today told Parliament that the Union Home Ministry would hold an inquiry into whether the news portal tehelka.com had violated the law in conducting its sting operation, and that "strong action" would be taken against it, if found guilty.

The Government's response came at the end of an impromptu discussion in the Lok Sabha on newspaper reports that the news portal had adopted "immoral and illegal methods" to expose corruption in defence deals. The Parliamentary Affairs Minister, Mr. Pramod Mahajan, said, "while journalists have every right to gather news, they cannot do it by breaking the law, no one including MPs or journalists is above the law, and if it is found that they broke the rules strong action will be taken against them."

For the second successive day, the Lok Sabha witnessed angry scenes on the alleged use of wom-

en as "honeytraps" by tehelka.com in its bid to expose corruption in defence deals. Both the Opposition and the Government used the opportunity to reiterate their positions. The Opposition led by the Congress renewed the demand for a JPC probe into the issue of corruption

would lower the nation's prestige. "How is it a national duty, when it defames and lowers the nation's prestige?"

'Reprehensible means'

In a forceful presentation, the Congress Deputy Leader, Mr. Madhavrao Scindia, called for a JPC to probe the "operation" and punish those involved in corruption, as well the "reprehensible" means adopted by tehelka.com. He, however, pointed out that the "abhorrent means" adopted by the portal should not be used as an excuse to "obliterate the revelations on corruption and the involvement of some very important and powerful people shown on video earlier".

Mr. Scindia was supported by the CPI(M)'s Mr. Somnath Chatterjee, who described the manner of disclosure as "objectionable" and said the Government was welcome to take any action as permitted by the law. But he came down heavily on the defence personnel involved in corruption and

shown on video; "what about those who fell into the trap and breached national security".

The Samata party's Mr. Prabhunath Singh and Mr. Brahmanand Mandal alleged that "sting operation" was part of a conspiracy to destabilise the nation and called for the arrest of the journalists involved. Mr. Mandal blamed the Congress for instigating tehelka.com into carry out the operation.

Furore in RS

In the Rajya Sabha, the attempts by Mr. Rajiv Ranjan Singh 'Lallan' (Samata), to raise the issue through a special mention resulted in a furore and a brief adjournment before lunch. The Opposition members led by the Congress objected to the mentioning of a newspaper's name even as the BJP members joined the issue. While the Samata member swiftly agreed to drop naming the paper, the Congress members insisted that the procedural problem remained.

The Chairman, Mr. Krishan Kant, ruled that the member could read the text and reminded that the ruling of the Chair could not be questioned. The Congress persistence on being heard was countered by their BJP counterparts, and amid noisy scenes the Congress Chief Whip, Mr. Pranab Mukherjee, said the objection was on the grounds that the matter being mentioned was "sub judice". With a verbal duel on, the Chairman adjourned the House some 20 minutes ahead of the lunch break. After resumption, Mr. Rajiv Ranjan Singh, made another attempt to raise the issue only to be told by the Deputy Chairperson, Dr. Heptullah, that the member would have to seek permission from the Chairman since the time slot for special mentions was before lunch.

Tejpal's allegation against ex-functionary of Samata Party: Page 13

and the "reprehensible and abhorrent" means adopted by the portal. Mr. Mahajan, in his response, sought to give a clean chit to the former Defence Minister, Mr. George Fernandes, saying "in my opinion he is innocent though it will be finally decided by the Justice Venkataswami Commission".

The issue was raised by the former Prime Minister, Mr. S. Chandra Shekhar, who accused the portal of adopting "immoral and undignified means" to get information. The portal's actions

Centre for in-camera proceedings

By J. Venkatesan

NEW DELHI, AUG. 23. In the light of the publication of some "scurrilous" portions of the Tehelka tapes, the Central Government today reiterated before the Justice Venkataswami Commission its stand for holding "in-camera" proceedings of the 13 sensitive defence deals identified in the tapes.

Mr. Kirit Rawal, Additional Solicitor-General, appearing for the Centre, told the Commission that leakage of the transcripts of unedited tapes had compelled the Government to press its claim on privilege on all defence deals, thereby, barring making public the information relating to these deals. Also, there was no leakage of the transcripts from the Defence Ministry.

The Commission said the matter would be taken up after the in-camera proceedings on the "Kornet

E" deal named in the tapes, was completed.

PTI reports:

The Venkataswami Commission has decided not to screen the "obscene" scenes shown in the Tehelka videotapes during proceedings, as it is not going to benefit in the preparation of defence.

"The visuals ... show that they are obscene. We have seen them and we have satisfied ourselves that these are not in the interest of anybody concerned... They (visuals) are not going to benefit in the preparation of defence. They are not necessary at all," Mr. Venkataswami told Doordarshan tonight. However, there was no bar for anyone to get these tapes. "If anyone gets it (these tapes) from some other source, there is no bar as such," he said, adding that hence the question of taking action "does not arise".

THE HINDU

24 AUG 2001

Brigadier Iqbal Singh, Lt-Col BB Sharma, Col Anil Sehgal caught in the act

Sex lies in Tehelka tapes

STATESMAN NEWS SERVICE

NEW DELHI, Aug. 22. - The Tehelka tapes show three senior Army officers involved in sexual misdemeanour. They are Brig Iqbal Singh, deputy director, Procurement Progressing Organisation of the Master General of Ordnance, Col Anil Sehgal of the Army Ordnance Corps at the Army headquarters and Lt-Col BB Sharma, staff officer (Grade II) at the Air Force headquarters, New Delhi.

An English-language newspaper today reported that *tehelka.com* reporters had used prostitutes to lure some Army officers into favouring arms dealers in weapons' purchases. The three officers are in positions with some involvement in military equipment purchase, though they don't have the final word on this.

The tapes are two-hour long, about 2 per cent of the total video-recordings. One shows Lt-Col Sharma and Col Sehgal and the other has Brigadier Singh in camera. There are two separate incidents.

The tapes were shot on different days. And in most of them, the three officers indulge in loose talk about women, the Kargil conflict and India's birth-rate.

The three drink lots of whiskey, after which Col Sehgal and Lt-Col Sharma re-



Mr George Fernandes



Mr Bangaru Laxman

- Tehelka exposes defence deal on 13 March 2001
- Bangaru Laxman quits as BJP chief
- Fernandes resigns as defence minister on 15 March after Mamata threatens to withdraw support
- PM orders probe on 16 March
- Opp disrupts rest of Parliament session



Mrs Jaya Jaitley



Tarun Tejpal

tire to separate rooms with the women. There are recordings showing the officers sexually involved with the women.

The tapes on the three officers have been with the government and the Venkatas-

wami Commission for several months. The portal had handed over the unedited tapes to them a few months ago.

Defence officials said court-martial proceedings would probably be initiated

against the three because summary of evidence against them had been recorded. This decision was taken after a three-member committee, headed by a lieutenant-general, found evidence against them.

The only silver lining for the Army is that the two "Tehelka generals", Maj-Gen PSK Choudhary and Maj-Gen Manjit Singh Ahluwalia, are not on the tapes. Maj-Gen Choudhary has confessed taking money and Maj-Gen Ahluwalia has been asked to resign for asking the under-cover Tehelka reporters for Blue Label scotch. Maj-Gen Choudhary was recently honoured with a top military decoration.

Speaking to reporters today, the Tehelka CEO, Tarun Tejpal, said that arms dealers (which his reporters were posing as) normally supplied money, women and alcohol. If they hadn't provided the officers with women, they would have been caught out. He admitted to supplying women but said it was a small wrong to expose bigger wrongdoers.

There were reports today that the Army was reviewing the Tehelka tapes to see if other officers were involved. The adjutant-general and the military secretary may lead the effort, officials said.

Centre may take own time to react

SANJAY SINGH
STATEMENT NEWS SERVICE

NEW DELHI, Aug. 22. - The government may not react immediately to the Samata Party's demand to arrest and take legal action against *tehelka.com* CEO, Tarun Tejpal.

Unedited versions of the Tehelka tapes, detailing how three Army officers were lured into having sex with prostitutes seem to have put Tehelka in the dock. Tejpal is liable to be booked under the Prevention of Immoral Traffic Act for promoting obscenity and trying to blackmail, Samata leaders said. They were supported by some other NDA partners including

BJP. The Centre has sought the law ministry's opinion on how a case could be made against Tehelka. Officials said the Centre was in a position to register an FIR under PITA and other provisions against Tejpal.

But it was unlikely to take any such step in a hurry, though NDA partners want the news portal prosecuted. For, the Centre will let public opinion swing in its favour, officials said. It could seek time by saying that it was still seeking legal opinion.

But all this could have an inadvertent political fallout. If Tejpal is booked, the Opposition might demand Mr Bangaru Laxman and Mrs Jaya Jaitley's prosecu-

tion for accepting money in an alleged defence deal and "compromising national security".

This could once again reverse the gains made by the Centre after the details of the unedited transcripts were published today.

Venkataswami panel

The Venkataswami Commission will discuss news reports on Tehelka reporters using prostitutes to lure Army officers at its public hearing tomorrow. But the *tehelka.com* CEO, Tarun Tejpal, said he doubted the panel's ability to find the real culprits.

A senior commission official

said a report in an English-language newspaper today suggested the information had come from the *tehelka* tapes, now with the commission and the government. The commission hadn't leaked the tapes, he said.

Besides, the tapes were outside the commission's ambit, the official said. The panel has to deal with the tapes that have been screened. They were given to the defence ministry, which wanted to take punitive action against the guilty officers after watching the 100-hour footage.

Commission members are still watching the unedited tapes and experts say there could be some "indirect influence." Ini-

tially, it was felt that the viewing would be over by 14 August. The sex-related tapes would not be given to even those who had been served notice under 8(B), he said.

Tejpal said he had very little hope in the Venkataswami Commission. The delay in nabbing the culprits a mockery of the democratic framework. He regretted that apart from the Army no other department had taken action against the "guilty".

Could Tejpal be arrested for violating the PITA? Tejpal said his team had broken the story of corruption in high places and now, the corrupt were going free.

CBI claims proof of Rs 600 cr fodder deal

Costume 5/18
2/18
UNITED NEWS OF INDIA

RANCHI, Aug. 20. — The CBI probing the multi-crore fodder scam, today claimed to have established fraudulent withdrawals of over Rs 600 crore from the state exchequer.

The CBI additional director, Dr UN Biswas, said on the basis of documentary evidence the agency had proved swindling of public fund of Rs 650 crore by politicians, bureaucrats and private suppliers in the animal husbandry department. All the evidence was collected in course of the four-year long investigation into the 64 fodder scam cases which rocked Bihar in 1996.

He, however, claimed that a lot more had gone underground and called upon the people to report immediately to the CBI if they had information regarding the scamsters and their property.

Dr Biswas also asked the media to fish out illegal transaction of scam money and investments made by them.

He informed that the field investigation in the multi-crore fodder scam was over.

He said the chargesheets in the 22 cases which hadn't been filed so far would be submitted before the court by 31 December if the agency received the required sanction from the state government and the Centre to prosecute the officials and the state employees involved.

The filing of chargesheet in at least four of the fodder scam cases - 45/96, 48/96, 52/96 and 68/96 - was delayed as the Jharkhand and the Bihar governments didn't give the clearance so far.

The CBI had sought sanction for prosecution from the Jharkhand government also in Regular Case 47/96 against 39 government employees on 11 March this year.

This, as informed by the agency, was denied by the government saying that those in question were still Bihar government employees as the official cadre division hadn't been finalised between the two states.

THE STATESMAN

21 AUG 2001

U.N. clears way to fight global corruption

AD-16
By George Chakko WJ8
VIENNA, AUG. 19. An Inter-Governmental U.N. experts group has cleared the way to negotiate an effective instrument to fight global corruption.

The basic terms of the agreement on the "U.N. Convention against Corruption" are seen as an effective move to halt flight of illicit cash across continents, influencing key decisions, demoralising political life, demolishing democratic values and stealing national wealth.

India's distinguished envoy, Mr. T. P. Sreenivasan, who was elected to the chair at this U.N. meet in Vienna, considered it a groundbreaking step towards global peace. Although the conference ended without a press briefing, post-meet interviews and documents indicate that after adoption by the General Assembly, the ad hoc committee set up by the U.N. will have a convention ready by 2003 for all nations to ratify it. Scepticism, however, prevails in view of reluctance on the part of certain developed nations. This raises the question whether identification of the corrupt and repatriation of money stashed away in Western banks can become real.

India, bogged down by numerous cases of political and corporate corruption, is expected to play a key role in drawing up the convention.

Corruption was a phenomenon that existed from the very beginning of organised human society, noted the U.N. Under-Secretary General and Chief of the U.N. Office of Drug Control and Crime Prevention, Dr. Pino Arlauchi, in his opening statement. In spite of three multilateral instruments already established (the International Code of Conduct for Public Officials and the U.N. Declaration against Corruption and Bribery in International Commercial Transactions adopted by the General Assembly in 1996 and the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of Nov. 21, 1997), global corruption has grown. A

new dimension is the infiltration of mafia money into the political and socio-economic fabric of many nations. One sad result of this is that substantial amounts of wealth has been taken away from poor countries.

The Argentinean delegate complained that \$ 200 millions had been illegally transferred from his country to foreign shores, and all attempts to freeze those assets had met with failure. The Nigerian delegate reported that over the past 20 years, \$ 55 to \$ 100 billions had been looted from his country by corrupt officials, locking them up in financial institutions in 20 different places. All attempts to repatriate the money encountered non-cooperation from Governments and banks.

Mr. Arlauchi said globally, awareness about corruption had spread. Political consensus, development policies and public opinion had converged on the demand that the law must apply to everyone.

The 95-member experts group identified funds proceeding from corruption as the priority issue. Accordingly, it recommended that a) International cooperation should be strengthened to fight illicit fund transfers and their laundering, especially those from corruption and their return. b) Measures should be put in place to ensure that employees in banks and financial institutions are committed to prevention of illicit transfer of corrupt money by recording transactions in a transparent manner and facilitate return of such funds. c) Corrupt money should be defined as proceeds of crime and an act of corruption may be established as a predicate offence in relation to money-laundering, and d) The destination countries for fund return and proper procedures connected therewith should be determined.

The draft resolution that was unanimously passed by the experts group for the General Assembly's approval, included a broad spectrum of items. It requested that the convention formulate an ad hoc committee to take a comprehensive, multi-disciplinary approach to contain the malaise of corruption.

The two-year period given for the final convention will be a time of tough bargaining, many admit, as legal systems differ from country to country. Many delegations did express that a flexible approach should cover active and passive corruption in the public sector and the private sector and should cover both national and foreign civil servants, including international officials.

Prevention will be the key feature of the new convention and that could mean integrity, transparency and good governance, effective and impartial civil service, transparent public procurement rules, independent supervisory bodies, development of codes of conduct, effective systems of financing political parties, regulation of financial systems, free and transparent media, an independent judiciary and the implementation of the rule of law.

India's problem is that while the country has had sufficient experience and success in combating corruption and has a good legal system, international cooperation has been lacking, especially with regard to investigations of corrupt money stashed away abroad. It is an open secret that banks in tax havens and those in Switzerland are reluctant to disclose details of funds with them.

The bribery game has taken a U-turn now. Whereas hitherto, multinationals have been accused of bribing officials to win contracts, now MNCs refuse to invest in a country that is corrupt. Nevertheless, an anti-corruption culture is not that easy to develop especially in countries with poor resources. Mr. Peter Langseth, manager of the U.N. Global Programme against Corruption, said recently that one lesson learned in combating corruption was that it takes integrity to fight corruption and it takes a long time to build integrity.

India's best contribution to the experts group was in the person of Mr. Sreenivasan whose good-humoured and professional performance as chairman was adjudged by a top official as "excellent and outstanding".

THE HINDU

18 AUG 2001

6 AUG 2001

Lok Pal Bill sees light after 32 years

MOHAN SAHAY
STATESMAN NEWS SERVICE

NEW DELHI, Aug. 14. - The government today tabled the Lok Pal Bill 2001 in the Lok Sabha. The Bill seeks to probe corruption at the highest level. The Lok Pal will have the authority to inquire into corruption charges against public functionaries which include the Prime Minister of India, provided the offence committed is within ten years from the day

the complaint is lodged. If the Bill becomes an Act, former Prime Ministers, Mr PV Narasimha Rao, Mr HD Deve Gowda and Mr IK Gujral will be open to charges of corruption before the Lok Pal. Mr Atal Bihari Vajpayee would be liable to be charged even while in office or out of it in case complaints are lodged with specific charges. The Bill, introduced by the minister of state for personnel, Mrs Vasundhara Raje, was

first tabled in 1969. Indira Gandhi was the Prime Minister at that time. The Bill lapsed after the Lok Sabha was dissolved in 1971. Several attempts were made to enact the legislation but it never succeeded.

Is the Lok Pal Bill jinxed? Records say whenever the Bill was introduced in the Lok Sabha in the past, the House was dissolved and fresh elections were held. In 1977, the Janata Party gov-

ernment headed by Morarji De- sai introduced the Bill in the Lok Sabha. It was subsequently referred to a Joint Parliamentary Committee but could not be taken up as the House was dissolved in 1979.

Rajiv Gandhi introduced the Bill in 1985 but withdrew it in 1986.

The Bill was tabled again in 1989. It couldn't be taken up for passage as the Lok Sabha was dissolved in 1991. The Bill met the same fate in 1996 under the

United Front Government. The Lok Sabha was dissolved.

Will the 13th Lok Sabha live to see that the Lok Pal Bill is adopted? Many MPs reserved their comments.

Mr Madhavrao Scindia (Congress) said the Bill should be passed this session itself. It's likely to be opposed by parties whose MPs don't relish the idea of being brought under the pur-

view of the Lok Pal. One vocal critic of the Bill is Mr Amar Singh of the Samajwadi Party

who is a Rajya Sabha member.

A seven-member committee will appoint the chairman - a retired Chief Justice or a Supreme Court judge. The appointing committee will comprise the Vice-President, the Prime Minister, the Lok Sabha Speaker, the Union home minister, the leader of the House other than the Prime Minister is a member, the Leader of the Opposition in the

Rajya Sabha. Officers in central services including IAS, IPS, state government and defence are barred against lodging complaints against "public functionaries" as defined in the Bill. The Bill states that a complainant must deposit a fixed amount of money which would depend upon the nature of the complaint and a sworn affidavit recording the specific instances of corruption against public functionaries.

THE STATESMAN

15 AUG 2001

Subramaniam as UTI chairman

Fernandes alleges Jaya role

PTI & UNI

CHENNAI, Aug. 12. - The controversy over the alleged nexus between the AIADMK chief, Miss J Jayalalitha, and former UTI chairman, Mr PS Subramaniam, took a new turn today with Mr George Fernandes saying it was she who had recommended him for the top post of the mutual fund in 1999. He was speaking to reporters here.

Two days after Miss Jayalalitha denied the alleged nexus, Mr Fernandes told reporters here: "I myself wrote down his (Mr Subramaniam) name and forwarded it to the PMO. Jayalalitha insisted on his name".

The AIADMK said there was not even an "iota of truth" in the reports of nexus between Miss Jayalalitha and Mr Subramaniam. Responding to the BJP vice-president, Mr Ram Das Agarwal's demand for a probe into the allegations, AIADMK's organising secreta-

ry and Tamil Nadu education minister, Mr Thambidurai, said the charge was "concocted".

"There may be many more skeletons in the BJP's cupboard that can explain why people like Mr Ramdas Agarwal trains

his guns on a totally unwarranted target."

IPS officers' issue: Mr Fernandes said the Centre would take 'necessary action' against the Tamil Nadu government, if it did not relieve the IPS officers of Tamil Nadu cadre, whose services were requisitioned by the Centre recently.

FIRING KILLS ONE

CHENNAI, Aug. 12. - Three persons died, one in police firing, and nearly 100 people injured as a DMK rally, called to protest against Mr M Karunanidhi's arrest on 30 June, turned violent here today. A DMK activist, Solai Murugan, was killed in the firing, while one person was run over by a vehicle carrying rallyists. A body, suspected to be that of a rallyist, with head injuries was found on the door steps of a hospital. - PTI

Speaking to reporters at Madurakantam, 80 km from here, he said it did not amount to infringement on the state's rights.

"When someone is at the receiving end of state terrorism, you cannot say that it is none of our business." Earlier, he told reporters at Chennai after calling on Mr M Karunanidhi that there was no move to impose President's rule in Tamil Nadu.

THE STATESMAN

Further probe in Tansi case allowed

UNITED NEWS OF INDIA

CHENNAI, Aug. 11. — A special court yesterday granted the request of the prosecution for further investigation into one of the Tansi land deal cases, involving RR Industries.

Though Miss J Jayalalitha is not involved in the case under consideration, any twist may have an impact on her conviction in a related case. Miss Jayalalitha and her close aide Mrs Sasikala, were convicted in a case and sentenced to three years in prison, in which the Tansi land was allegedly undervalued while being sold to Jaya Publications and Sasi Enterprises, in which both were partners, causing loss to the state government.

The Tansi-RR Industries



Miss Jayalalitha

case has been sought to be reopened by the prosecution (CB-CID), following a fresh statement of the former registration department official Mr Thangavel, who said that he

had erred while valuing the Tansi land.

The statement by the official, who was suspended from service on June 30, the day of his retirement, said the guideline value of the disputed lands should have been calculated on the "Alandur Circle" basis, but, was assessed instead, on the "Adyar Circle" basis.

He is believed to have further clarified in his fresh statement that the rates at which the lands were sold would not be below the guideline value if calculated on the "Alandur circle" basis.

Ms Jayalalitha's appeal against the Special Court order in these two cases had been pending before Madras High Court and is likely to come up for hearing next week.

THE STATESMAN

11 AUG 2001

UTI debate, farce in disguise

STATESMAN NEWS SERVICE

If the Congress' adjournment motion in the Lok Sabha moved on 2 August was remarkable for anything it was for the farcical nature of debate which left no one in doubt that the entire drama enacted on the floor of the House was a publicity stunt rather than serious concern for the UTI muddle.

The attendance was thin throughout the debate as rows of the Opposition and Treasury benches were empty for much of the day. Gradually, more and more members came in when it was time for the division. While the treasury benches were full with surprise appearance of Miss Mamata Banerjee and presence of all the Shiv Sena members who were there to vote with the government to defeat the motion, the Opposition benches were not full even when the division was called.

The Congress members were there in full strength, but most of the MPs belonging to the

CPI-M, Samajwadi Party and the NCP, including Mr Sharad Pawar and Mr P A Sangma, were conspicuous by their absence. None of the NCP members participated in the debate. Mr Chandra Shekhar preferred to take the day off from the Lok Sabha to relax at his Bhondsi Ashram.

That only highlighted the Opposition's indifference to take part in a debate which focussed on corporate houses, fund

managers of the UTI and finance minister.

Surprisingly, Mr Priya Ranjan Das Munshi, who moved the adjournment motion, failed to nail down the government. Mr Kirit Somaya of the BJP and Mr George Fernandes were unsparing in their attack on Reliance. Core of the issue was not public money which was siphoned out of UTI but a race to point accusing fingers.

Ruling party speakers took the "offence is the best defence" line. But it hardly helped the government to come out clean of charges though it defeated the adjournment motion.

WEEK IN LOK SABHA

42-11112-14

- 6 AUG 2001

SATURDAY, AUGUST 4, 2001

PUBLIC SERVANTS AND CORRUPTION

THERE ARE A number of significant facets to the Supreme Court's recent ruling on public servants convicted on charges of corruption. At the most general or abstract level, the Court, which lamented the fact that "corruption by public servants has now reached a monstrous dimension in India", has drawn attention to the damage that could be inflicted on a democratic polity by a system which permits those convicted of corruption to continue holding public office. As the Court pointed out, the public interest could suffer irreparably if convicted public servants are entitled to retain office and allowed to perform official acts before they are judicially absolved. In declaring that convicted public servants should be treated as corrupt until otherwise established, the apex body has suggested, if only implicitly, the necessity of revising the ordinary jurisprudential presumptions regarding the nature and finality of a trial court judgment when appeals remain unexhausted, where it pertains to public servants. Evidently, the Court felt that this was necessary in the face of the alarming growth of corruption, the tentacles of which "have started grappling even the institutions created for the protection of the republic".

At a more specific level, the apex body — which was hearing the case relating to a bank officer — has ruled that the conviction of a public servant should not be stayed by an appellate or revisional court even if the sentence awarded to him was suspended. In doing so, the Supreme Court has made a clear distinction between the suspension of a sentence and the suspension of a conviction — an issue which generated considerable legal and political interest earlier this year following a Madras High Court ruling (in an unrelated case) to the effect that sentence and conviction are "inseparable twins" and that suspension of the former im-

plies suspension of the latter. In ruling that convictions should not be suspended in cases where public servants are convicted of corruption, the apex body has reiterated — though arguably in a more forthright and clear-cut fashion — what has been stated in earlier judicial rulings, particularly that delivered by the same Court in *State of Tamil Nadu v. A Jagannathan* (1996).

While the Supreme Court's recent ruling has wide-ranging import, one question of immediate political interest is likely to be its relevance to Ms. Jayalithaa, who was sworn in as Chief Minister despite being convicted in three corruption cases. Although the sentences in these cases have been suspended, her conviction has not been set aside. Insofar as Ms. Jayalithaa holds public office without the help of a court order suspending her conviction, the Supreme Court's ruling has no immediate impact. But the judicial pronouncements have a direct bearing on the clutch of writ petitions before a large Constitutional Bench of the apex court challenging the validity of her appointment as Chief Minister. In the light of the Supreme Court's ruling that "the court should not aid the public servant who stands convicted for corruption to hold public office until he is exonerated", the legal challenge to the validity of the Tamil Nadu Chief Minister's appointment has taken on an altogether different dimension. Given that the Supreme Court has ruled out judicial approval for convicted public servants to continue in office, it would be no surprise if those who have contested the validity of her appointment regard the ruling as a major shot in the arm. By underlining the impropriety of convicted public servants holding office, the ruling lends a judicial stamp to the moral concerns which attended her ascension to the chief ministerial chair.

THE HINDU

4 AUG 2001

JPC on stocks scam to look at UTI issue

HT Correspondent
New Delhi, August 3

BARELY 24 hours after Yashwant Sinha rejected a joint parliamentary probe into the UTI fiasco and the Lok Sabha turned down the Opposition-sponsored adjournment motion, the Government and the Opposition agreed that the JPC probing the stock markets scam would look into the matter as well.

An announcement to this effect was made in the Lok Sabha today when Speaker G M C Balayogi announced that the existing JPC would look into all issues relating to UTI, "including the issues discussed in the House".

The week-long row over US-64, that saw both Houses in uproar, might have been partially resolved with this announcement. But there are clear signs that differences are cropping up over the key issue of whether the JPC can summon the Finance Minister and officials of the Prime Minister's Office while probing the fiasco.

UTI officials, broker refused bail

THE BAIL pleas of all the four accused in the UTI muddle, former UTI Chairman P S Subramanyam, suspended executive directors M M Kapur and S K Basu and stockbroker Rakesh Mehta, was rejected and they were remanded in judicial custody till August 7 by a special court on Friday.

The accused, who were arrested on July 21, were for the first time remanded in judicial custody on Friday.

Detailed report on Page 12

The Congress insists that the phraseology used by the Speaker includes seeking evidence from the Finance Minister, PMO officials and other individuals whose roles have been commented upon.

Government sources rule this out. Although there is a precedent of a minister being summoned by the JPC, even at that time, they point out, the committee had turned down the proposal of bringing PMO officials to the JPC table.

Besides the issue of PMO officials, the Congress had earlier insisted that the JPC's terms of reference be altered to make a specific reference that the panel would look into "the issue of mutual funds, including UTI with all its schemes".

It later agreed that the existing terms would cover this aspect too. In fact, the JPC's calendar for the month has already specified August 28 as the day when UTI officials will be called to give evidence.

But the agreement that the existing JPC could also focus on the UTI issue was hammered out at an all-party meeting convened by Balayogi.

Earlier, Congress Chief Whip Priya Ranjan Das Munshi raised the matter in the House during Zero Hour.

Even as some other members lent their voices to highlight the issue, Parliamentary Affairs Minister Pramod Mahajan intervened at this point to suggest that the JPC, which is looking into the securities scam, could include the UTI issue in its ambit.

Congress leader Madhavrao Scindia sought the Speaker's intervention to resolve the issue. Accepting the request, Balayogi convened a meeting of leaders from the Treasury and Opposition benches.

THE HINDUSTAN TIMES

4 AUG 1981

UTI scam: Sebi chief under scanner

SHIVNATH JHA
STATESMAN NEWS SERVICE

NEW DELHI, Aug. 2. - The CBI will examine the Sebi chief, Mr DR Mehta, for allegedly "helping" UTI's Mumbai-based broker, Mr Rakesh Mehta, in placement of equity shares worth Rs 32.8 crore to Cyberspace Infosys Ltd, adding a twist to the UTI-Cyberspace Infosys Ltd case.

A CBI official said: "Investigations have revealed that the Securities and Exchange Board of India chief reportedly helped Mr R Mehta in the placement of UTI's equity share to the Cyberspace Infosys Ltd."

"During the course of investigation, Mr R Mehta said the Sebi chief had got the work done, even though the proposal was earlier rejected by the equity research cell and senior UTI officials," he said. "The agency will examine the Sebi chief to find out whether any interest

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taken by him had helped approve the fresh proposal," on 21 July 2000.

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Sources said: "Apart from the Sebi chief, the possibility of alleged involvement of other Sebi officials can't be ruled out." "The matter will come out only after the examination of Mr Mehta," they added.

On 20 July, besides former UTI chief Mr PS Subramanyam's home, the CBI sleuths had raided the official and residential premises of two executive directors (Mr MM Kapoor and Mr SK Basu), general manager Mrs Prema Maduprasad and UTI broker Mr Rakesh Mehta, who also runs Renaissance Securities. They recovered several incriminating documents.

Mr Arvind Johri of Cyberspace (who used his firm, Century Consultants - member of the NSE and BSE - to manipulate the Cyberspace stock) hasn't till now revealed the involvement of any Se-

bi official. However, with his strong political connections, he managed the placement of Cyberspace shares simultaneously with several institutions, the official said. Mr Johri was arrested in Kalimpong on 22 March.

"After examining the Sebi chief, the agency will look into the matter - under what circumstances Mrs Maduprasad had initially initiated the file for placement of equity shares, later approved by both the executive directors and the UTI chief," the CBI sources added.

During the investigation, Mr Johri had said he paid Rs 50 lakhs to Mr Rakesh Mehta to get the work done by the UTI officials, they said.

Meanwhile, the CBI has recommended Regular Departmental Action against an executive director of Sebi, Mr Pratip Kar, for allegedly sanctioning a mutual fund licence to the controversial CR Bhansali group.

THE STATESMAN

No redemption for Opposition on UTI motion

Times News Network
NEW DELHI: The opposition sponsored adjournment motion on the UTI scam was defeated in the Lok Sabha on Thursday night amidst uproar and without the government getting an opportunity to reply.

Both the Prime Minister and finance minister Yashwant Sinha were prevented from speaking by slogan-shouting Congress and RJD MPs demanding a joint parliamentary committee probe and the resignation of Mr Sinha. They stormed the well, taking serious objection to the finance minister's remarks that it was not worth responding to RJD MP Raghuvansh Prasad Singh's charges.

When Deputy Speaker P.M. Sayeed realised he would not be able to restore order—and since the adjournment motion was time-bound, needing to be completed on the day it started—he simply put the motion before the House, where it was rejected by a voice vote.

The motion, which was piloted by Congress chief whip P.R. Dasmunshi and supported by 41 other MPs, sought to indict the government on the mismanagement of UTI's flagship US-64 scheme and its failure to take time-

ly action to prevent its collapse.

When the opposition MPs stormed the well—after the finance minister had begun his reply—Prime Minister Atal Behari Vajpayee stood up to speak. The opposition MPs returned to their seats, only to return to the well within seconds. The problem began when Mr Sinha said it was not worth replying to the MP who had demanded that he (Sinha) be arrested for the “scam” which had robbed small investors.



TRUST BUSTER?
Arvind Johari, promoter of Cyberspace Infosys Ltd., the software firm at the centre of the UTI storm, is brought to the CBI office at Kitab Mahal in Mumbai on Thursday.

Hemant Shirodkar

After days of a high-decibel offensive against the PMO for its reported involvement in certain UTI investments, the Congress' attack eventually turned out to be a tame affair as the main opposition party failed to come out with the promised “explosive material” on the PMO's role. Nor did it press its

demand that the PM himself respond to reports of the “specific and startling” charges against his office. In fact, the PM was not present for most of the debate.

The government, on the other hand, had clearly lined up a strong line of defence as it fielded law minister Arun Jaitley to initiate the debate and followed it up with former defence minister George Fernandes, who has emerged as the PM's trouble-shooter.

HPD-11
31/7

'CBI probe into UTI fiasco may be futile'

By Our Special Correspondent

NEW DELHI, JULY 30. Participating in a short duration debate on the Unit Trust of India muddle in the Rajya Sabha today, Mr. Kuldip Nayar (Nominated), himself a "victim of fiscal terrorism", felt the Government had become oblivious of its rights and duties. The dividing line between moral and immoral had ceased to exist. In the light of the sentiments expressed by Mr. Kapil Sibal and Mr. Nirupam, he felt the CBI probe may be a futile exercise. "I am not a rich person. How will I recover the money. The Finance Minister has no moral authority to continue. He should resign," he said.

Mr. Peter Alphonse (TMC) drew attention to the dichotomy between the treatment meted out to

the Madhavpura Mercantile Bank which was promptly bailed out because its investors happened to be the electorate of the Union Home Minister, Mr. L. K. Advani, and millions of depositors elsewhere in the country who have been left in the lurch after they were robbed of their savings by financial companies.

Earlier, Mr. C. Ramachandraiah (TDP) suggested a holistic approach in tackling matters relating to financial sector and underlined the need to streamline the system rather than partial measures. He said the Government should not interfere selectively. The effort so far appeared to be directed at ensuring that the stock market was not functioning in accordance with sound funda-

mentals and accepted norms.

Mr. Fali S. Nariman (Nominated) suggested amendments in laws to provide a permanent body or a Joint Parliamentary Committee (JPC) to oversee and supervise operations of financial organisations created by Parliament.

Mr. Prem Chand Gupta (BJD) demanded Mr. Sinha's resignation for the UTI muddle and pointed out that it was not just the UTI that was in a mess but half of the investors money in other financial institutions such as the IFCL, ICICI and the GIC, had already eroded.

Mr. P.G. Narayanan (AIADMK) also demanded a JPC into the UTI affair. He criticised the organisation for its failure to restructure and said it lacked both transparency and efficiency.

THE HINDU

PM rejects Oppn demand for FM's resignation

Our Political Bureau

NEW DELHI 24 JULY

PRIME MINISTER Atal Behari Vajpayee on Tuesday rejected the Opposition's demand for the resignation of finance minister Yashwant Sinha over the UTI fiasco, even as the NDA put up a stout defence of the minister in the Rajya Sabha.

Addressing the BJP's parliamentary group Tuesday morning, the Prime Minister made it clear that Mr Sinha enjoyed his confidence and that there "was no question of his resignation". Mr Vajpayee also said the government has taken the right steps to restore the confidence of investors and asked the party MPs to counter the "politically motivated onslaught in the Parliament."

In the Rajya Sabha, where a special discussion began on the issue, the Opposition vascillated between "hardline" posture — the demand for Mr Sinha's resignation — and moderate voices that called for some hard decisions to set things right in the mutual fund. Dr Manmohan Singh, who went along with the second school, refrained from demanding Mr Sinha's resignation. In a hard-hitting speech, Dr Singh said the UTI fiasco showed that the government had failed to anticipate crisis in the UTI flagship and that it allowed brokers and promoters to take the investor for a ride. While agreeing with the contention of the government that some decisions taken in good faith can turn out to be bad, the former finance minister said there are clear evidences to suggest wrongdoings by its top brass. "There were factors beyond control — when interest rates decline, equity prices go up. But because of the happenings in the markets outside and the downswing in the prices of tech shares, equity prices were also depressed. But what is most worrying is the questionable investments that the UTI had made," Mr Singh said.

The former finance minister said the government, which gets monthly report from the UTI, should have acted on the allegations. "The responsibility of the finance ministry has not been exercised in the manner it ought to be done," he said. Describing it as a "great betrayal" of over 20

million investors — particularly pensioners, widows and middle class — Mr Singh said the finance ministry had a lot to answer for its inability to read the signs of crises. "After the 1998 bail out, it had become more imperative on the part of the finance ministry to keep a close watch on the country's largest mutual fund to ensure such a crisis did not recur," he pointed out.

CPI(M) flayed for US-64 investments

Our Political Bureau

NEW DELHI 24 JULY

THE CPI(M) on Tuesday found itself at the receiving end on the issue of its US-64 investments. How could a party, which claimed to champion the cause of the proletariat, indulge in a petit-bourgeoisie activity?

CPI(M) parliamentary party leader Somnath Chatterjee was, for a moment, taken aback by this missile hurled on him during a press meet held outside Parliament House on Tuesday afternoon. Regaining his composure, Mr Chatterjee retorted that the investments were not made in a hush-hush manner. "It's a proper investment. The government, after all, has been encouraging people to invest in this very honest and transparent scheme," he said.

The CPI(M) veteran pointed out the party had been very candid about its investments and never tried to conceal anything. "Mr Karat and Mr Yechury are not like the top brasses of the corporate houses," he quipped. Countering charges of indulging in a petit-bourgeoisie activity, he said: "We're after all operating in India. The situation here is not like socialist countries."

The issue figured in the Rajya Sabha also. Responding to insinuations raised on the matter by Ramdas Aggarwal during the short duration discussion on the US-64 fiasco, Nilotpal Basu said: "We've not made a criminal offence by doing so."

Congress sharpens UTI knife for Sinha

FROM OUR SPECIAL
CORRESPONDENT

New Delhi, July 23: The Congress has decided to target finance minister Yashwant Sinha over his failure to avert the UTI crisis, firing a fusillade of adjournment motions and seeking his resignation.

By evening, the main Opposition party had moved 16 adjournment motions against Sinha. They will be balloted along with the other motions submitted by the Left in the Lok Sabha tomorrow.

The Congress plans to insist on the exit of Sinha and demand voting on the adjournment motion.

Congress president Sofia Gandhi chaired a meeting of party leaders to formulate the floor-strategy on the UTI scandal.

The Congress has also decided to accord priority to a discussion on the Agra Summit. It will be taken up tomorrow at 4 pm when Prime Minister A. B. Vajpayee is expected to make a statement. This will be followed up by a discussion under rule 193 that does not provide for voting.

However, in the Zero Hour, the Congress and other Opposition parties are likely to sharpen knives for Sinha on UTI.

Both the People's Front, led by the Left and the Samjawadi Party,

and the Congress are competing with each other to be the first to raise the UTI issue. "After all, the UTI scandal affects many small investors," a Congress floor manager said.

The Congress camp claimed that Sinha was "vulnerable" as the Vajpayee regime was nervous about the fallout of the scam. "There are forces within who are gunning for Sinha. What we are expected to do is push really hard," a Congress MP said.

The government is however, not unduly worried about the attack on Sinha as the Opposition ranks are far from united. "Let them first make up their mind

about who will raise the issue. We are ready for them," a parliamentary affairs source said. "We have taken a series of steps to restore investors' confidence. If Sinha is allowed to make the statement, everything will be clear," he said.

The Congress contested the claim. A party MP said: "There are wheels within wheels. Once a discussion starts, there will be a chain reaction. Just watch. There will be a lot of action."

BJP spokesperson V.K. Malhotra today ruled out Sinha's resignation. "Sinha has not done anything to warrant his resignation," he said, adding that the Opposition is in the habit of demanding the

resignations of ministers, the Prime Minister and the government. "We are ready for discussion on any issue, whether it is the Agra Summit, UTI or Manipur," he said.

The first day of the monsoon session of Parliament concluded after both Houses adjourned for the day in memory of Nepal's King Birendra and Queen Aishwarya who were assassinated.

In an obituary reference, Lok Sabha Speaker G.M.C. Balayogi said King Birendra was a "visionary" who would be remembered by future generations for ushering in peaceful political change and multi-party democracy in Nepal.



Sinha: In the line of fire

After the bolting

Get the govt out of stock markets to avert UTI-like scams

THE first rule of governance in India is: when things go wrong, look for corruption which almost inevitably will be there. Once an investigation is announced, it is hoped the public will go home mollified and not ask awkward questions about why the flaws in the system have not been attended to and what the regulators have been doing all this time. The slew of investigations announced is impressive. It suggests the finance ministry is determined to pinpoint the causes of the crisis. But look at the fine print and doubts begin to arise. Former chairman P S Subramanyam, executive directors M M Kapur and S K Basu and general manager Prema Madhuprasad are accused of misappropriation and are being investigated by the CBI. The sum involved is Rs 32 crore, a large enough sum to be considered a serious misdemeanor if it did go into private pockets but a peccadillo compared to the mismanagement that brought the thousands of crores worth US-64 scheme to its knees. And who is looking into the quality of management at UTI?

A high-level committee, headed by the former deputy governor of the Reserve Bank of India, S S Tarapore, has been set up. But it has been given a mere three months for the stupendous task of examining UTI's operations, and particularly those of the US-64 scheme, for the last 10 years. Even with a team of financial experts to help analyse computerised operations at UTI, brokers and stock exchanges for most

of that period, it is a very tall order. Also, at the best of times it is difficult to distinguish between imprudent financial decisions and mala fide ones and the Tarapore committee will need to work out how best to do it in relation to a gigantic operation like UTI with multiple responsibilities to unitholders, corporates, financial markets and the government. Finally, all scams in India seem to run seamlessly into one another and Sebi has got into the act with inquiries of its own. These are related to reported links between misappropriation/ mismanagement at UTI and the shenanigans of brokers at the Calcutta and Bombay stock exchanges. All this and a second Joint Parliamentary Committee. Who could ask for more? It would be well worth all the trouble, however, if lessons were learned and systemic improvements were carried out. Unfortunately, as the failure to implement JPC-1 shows, that rarely happens. Even the pursuit of corruption peters out.

Tough questions about UTI's default will be asked in Parliament. MPs sensitive to the concerns of unitholders are expected to demand full answers. The finance minister may find a partial bailout plan and investigations into corruption are not going to satisfy them. Certainly, it needs to be explained why the last bailout plan failed to work, whether proper attention from the top would have prevented the current crisis and whether regulatory mechanisms now in place are effective.

CBI cracks down on UTI officials

STATESMAN NEWS SERVICE

MUMBAI/NEW DELHI, July 20. - The CBI today raided the houses of top UTI officials, including the former chairman, Mr PS Subramanyam, in Mumbai.

Dalal Street first spread the news which became official in the afternoon. The premises of executive directors, Mr MM Kapoor and Mr SK Basu, general manager, Prema Madhuprasad, and a UTI broker, Mr Rakesh Mehta who runs Renaissance Securities, were raided.

The raids, by CBI's anti-corruption wing, began at 6 a.m. and were reportedly related to the stocks scam in March which resulted in losses for UTI. Mr Subramanyam is alleged to have colluded with Ketan Parekh whose firm, Triumph Securities, and that of his forefathers, Narbheram Harakchand, were brokers for UTI.

Sources said the operation was planned after the arrest of Mr Arvind Johri of CyberSpace in Kalimpong on 22 March. Mr Johri used his broking firm, Century Consultants, member of the NSE and BSE, to manipulate the stocks of CyberSpace. A stock quoted between Rs 5 and Rs 10 touched Rs 1,500. Mr Johri, with his top political con-

tacts, managed placements of CyberSpace shares simultaneously with several institutions.

CBI said Mr Johri managed the placement of CyberSpace stocks worth Rs 32 crore with UTI. But the deal was opposed by UTI's research cell and other fund managers.

After his arrest, Mr Johri provided insight into the investment patterns of institutions like UTI, sources said.

Century Consultants' membership in both exchanges has been cancelled. Mr Johri's liabilities are reportedly worth Rs 600 crore.

The stock market and corporate firms feel the raids on UTI officials may point to the involvement of top politicians.

Panel on UTI affairs

The Centre has set up a three-member committee to probe UTI's functioning over the past 10 years.

It will be headed by the former RBI deputy governor, Mr SS Tarapore, who, till the end of last month, was chairman of the Advisory Board on Bank Frauds.

The two other members are the former CBI director, Mr RK Raghavan, and former SBI MD and Bank of India CMD, Mr MG Bhide.

NEW DELHI

SC upholds jail for Dalal

FROM OUR LEGAL CORRESPONDENT

New Delhi, July 11: The Supreme Court today confirmed the one-year rigorous imprisonment and Rs 1 lakh fine imposed on stock broker Hiten P. Dalal in the 1991-92 securities scam case.

A three-judge bench of Justice B.N. Kirpal, Justice Ruma Pal and Justice Brijesh Kumar also imposed Rs 10,000 as the cost of the case and rejected Dalal's special leave petition filed against the verdict of the Mumbai special court set up to hear all cases relating to the securities scam.

Dalal had issued to the Standard Chartered Bank four cheques drawn on the Andhra Bank dated 24-12-1991, 26-12-1991, 17-2-1992 and 27-8-1991 for amounts of Rs 27 crore, Rs 14.5 crore, Rs 17 crore and around Rs 20 crore respectively. All the cheques were "dishonoured", the apex court said.

The special court had found him guilty and awarded the sentence and the fine. With the apex court confirming the sentence, Dalal will now serve the one-year term.

The then special judge, S.N. Variava, now a Supreme Court judge, had in 1993 held Dalal guilty under Section 138 of the Negotiable Instruments Act and sen-

tenced him to one year rigorous imprisonment with a fine of Rs 1 lakh.

The court had also ordered that in case of non-payment of the fine, Dalal would undergo further rigorous imprisonment of three months.

In its complaint filed against Dalal, Standard Chartered Bank, through its director Badrinath Banerjee, alleged that the four cheques were dishonoured. The bank issued a notice on June 1, 1992, demanding payment within 15 days of the receipt of the notice as per the provisions of the Negotiable Instruments Act.

The prosecution contended that Dalal failed to pay the money within 15 days and, therefore, committed an offence punishable under Section 138 of the Negotiable Instruments Act.

The special trial court had said the securities scam was a "major blow to the economy of the country" while finding Dalal guilty under the Act.

This is the second of the cases relating to the securities scam which has come up to the apex court. In an earlier case, Harshad Mehta was found guilty. However, the apex court found that Standard Chartered Bank maintained "false records" and indicted the bank for it.

CBI seeks Governor nod to prosecute Laloo, Jagannath

Patna, July 10

THE CBI has sought the Governor's assent to prosecute former Bihar Chief Ministers Laloo Prasad Yadav and Dr Jagannath Mishra in yet another case of the multi-crore fodder scam, sources in the investigating agency said today.

The CBI had approached Rajbhavan a few days ago seeking sanction to prosecute former ministers C P Verma and Vidya Sagar Nishad too, in the same case, which relates to fraudulent withdrawals of Rs 37.62 crore from Chaibasa treasury by officials of the State Animal Husbandry Department, allegedly using forged and fake bills during 1992-93.

The Nationalist Congress Party has criticised the CBI's move to prosecute Mishra in yet another fodder scam case.

NCP State president Nawal Kishore Sahi said, "The CBI's request for the Governor's nod to prosecute Mishra in yet another case violates Section 2 of the Fundamental Rights." In a press statement he said the agency had relied on the "same set of evidences already submitted in the chargesheets of four other cases of the multi-crore

MOVE TO BAR CONVICTS FROM CONTESTING POLLS

THE BIHAR Government has formulated two ordinances — Bihar Municipality Ordinance 2001 and Patna Municipal Ordinance 2001 — to prevent convicted persons from contesting the local body elections, and forwarded them to Governor Vinod Chandra Pande for his assent. The elections to local bodies are likely to be held in November this year. If the Governor gives his nod, the two ordinances would prevent anyone convicted by a court of law for six months (or more) from contesting civic elections.

Persons who have municipal taxes pending against them will also be debarred from contesting civic elections.

PTI, Patna

scam". He alleged that the CBI was being misused as "a political tool" by the Centre to settle scores with political adversaries.

The investigating agency had

earlier written to Lok Sabha Speaker G M C Balayogi seeking his approval to prosecute Congress MP Rajo Singh and requested Assembly Speaker Sadanand Singh to grant permission to prosecute RJD MLA R K Rana and Independent MLA Jagdish Sharma in the case.

Senior IAS officials K Arumugam, Mahesh Prasad and Sajal Chakravorty (the then Chaibasa deputy commissioner), also figure in the list of 79 accused in the case, sources said.

Yadav and Mishra are on bail in three of the four cases they have been charge-sheeted with. The Supreme Court stayed execution of non-bailable arrest warrants against them till July 23 after the designated CBI judge in Ranchi took cognisance of a chargesheet by the investigating agency.

Yadav and his wife, Chief Minister Rabri Devi, are already facing trial in a disproportionate assets case, which is an offshoot of the fodder scam.

Laloo is charged with having accumulated assets, worth over Rs 47 lakh, disproportionate to his known sources of income, sources added.

PTI

Centre may probe UTI-corporate nexus

Arun Kumar
New Delhi, July 5

THE CENTRE might commission an investigating agency to probe the alleged nexus between the UTI top brass and the corporates, which caused a liquidity crisis in the trust, and subsequently the freeze on redemptions of US-64 units.

Finance Minister Yashwant Sinha has sought the Prime Minister's consent for a CBI probe. Other agencies might also be

involved in the investigation. The probe would cover the sacked UTI chairman P S Subramanyam, sources said.

The withdrawal of a whopping Rs 3,750 crore in April and May this year by big corporates from the US-64 scheme seems to indicate that senior trust officials leaked "sensitive information" on the impending freeze on the sale and repurchase of US-64 units and the financial ill-health of the largest fund.

Major corporates, including

Videcon, Bajaj Auto, Bombay Dyeing, Reliance and some cash-rich multinationals pulled out huge sums, as a result.

Videcon alone withdrew over Rs 280 crore over the last two months. Investors were kept in the dark all along and have now landed themselves in a Catch-22 situation for want of an exit route.

Corporate redemptions constitute over 16.75 per cent of the total unit capital of around Rs 15,700 crore of US-64 at the end of

March 2001. The redemptions have been allowed at Rs 14.20 in April and Rs 14.25 in May. The total out-go on this account was Rs 4,151 crore, which means UTI has paid premium worth Rs 1,275 crore.

The payment of this massive sum further eroded the net asset value of the scheme. The repurchase price of US-64 in July 2000 and 1999 (first month after results) was 13.20 a unit. If UTI didn't opt for a freeze, any redemptions at Rs 13.20 per unit

would have depleted its reserves further. In case of redemption of the entire unit capital of Rs 12,778 crore at the rate of Rs 13.20 per unit, Unit Trust of India would need to have an asset value of Rs 16,867 crore, a premium of Rs 4,089 crore. Trust official admitted that if the Government needed to bail out the ailing fund, it would have to breach the gap. In such scenario, the bail-out package might cross Rs 5,000 crore.

Notices issued to George, Brajesh in Tehelka case

NEW DELHI: The Venkataswami commission, probing corruption in defence deals in the wake of Tehelka expose, has issued notices to former defence minister George Fernandes, national security advisor Brajesh Mishra and defence secretary Yogendra Narayan on Wednesday seeking their responses in personal capacity on the alleged scam.

Justice Venkataswami, who began his public hearing on Wednesday, said the notices were also issued on Tuesday to Maj-Gen Shankar



G. Fernandes

Prasad, former minister Hiren Pathak, Samata Party leader Srinivas Prasad, Suresh Nanda and Ved Prakash Goel as their names figured in the videotapes produced before the commission by the news portal, tehelka.com. Appearing before the commission, attorney general Soli Sorabjee said the Centre would provide all cooperation to the commission and furnish documents if these did not compromise with the national security.

The commission, which had earli-

er issued notices to various TV channels, government departments, officials and individuals, including former BJP president Bangaru Laxman, former Samata party president Jaya Jaitly and two major-generals and a retired major-general (altogether 29 people), said it had received their responses and it



B. Mishra

would begin its day-to-day hearing after July 2, the next date of hearing. The commission declined the prayer of Mr Laxman and some other respondents to supply them the copies of videotapes, but said they could take the transcripts on payment and view the tapes at the commission's office on June 11.

Mr Laxman, retired Maj-Gen S.P. Murgai, Lt-Col. B.B. Sharma, former Samata Party treasurer R.K. Jain and R.K. Gupta will be allowed to see the Tehelka tapes on June 11 and take a copy of the transcripts involving their names so that they could file responses within two weeks.

Army tehelka

probe nails

five officers

New Delhi, May 17 1975

THE ARMY court of inquiry has found five senior army officers guilty of misconduct and corruption in the Tehelka tapes case and recommended appropriate disciplinary action against them.

The officers found guilty are Maj Gen P S K Choudhary, suspended Additional Director General, weapons and equipment, Maj Gen Manjit Singh Ahluwalia, Maj Gen Satnam Singh, Brig Iqbal Singh and Col Anil Sehgal, all currently attached to army headquarters here.

Besides, Lt Col Sharma, procurement officer, has been found guilty of improper conduct.

The army court of inquiry headed by Lt Gen S K Jain, which began proceedings in early March, submitted its report to General Officer Commanding in Chief Western Army Command, Lt Gen Surjit Singh on Monday, official sources said. The officials said Gen Surjit Singh would take some time to study the report in consultation with his Judge Adjutant General branch officials before chalking out the course of disciplinary action against the guilty officers.

Though the army spokesman remained tight-lipped on the court's recommendations of inquiry, sources said the report had found prima facie a case of corruption against the officers.

Highly placed army sources said Gen Surjit Singh had two options before him. One is to order recording of summary evidence by an officer of the rank of Lt General and then based on a report by Brigadier, JAG branch, a general court martial proceeding can follow. If the army commander opts for court martial proceedings, the court would have to consist of a senior Lt General, eight Major General and a senior officer from the JAG branch.

PTI

THE HINDUSTAN TIMES

MAY 20 1975

CBI court rejects Laloo, Mishra petitions

PRESS TRUST OF INDIA

RANCHI, May 15. - The special CBI court today rejected petitions filed by former Bihar chief ministers Mr Laloo Prasad Yadav and Mr Jagannath Mishra challenging CBI's jurisdiction in chargesheeting them in a Jharkhand court in the multi-crore fodder scam.

The CBI also filed a fresh petition in the court praying for summon notices against the 33 accused, including Mr Yadav and Mr Mishra against whom non-bailable warrants had been already issued. The judge, admitting the CBI petition said it would be taken up on 22 May, the date already fixed for hearing of the case RC 47(a)96 of the fodder scam.

Mr Yadav and Mr Mishra's pe-

titions seeking a stay on the non-bailable arrest warrants issued against them by the designated court were rejected as the Supreme Court had already issued a stay on their execution.

Rejecting their petitions, CBI judge Mr Asit Baran Shekhar said the Supreme Court said that the jurisdiction of CBI in chargesheeting the 33 accused, including Mr Yadav and Mr Mishra had allowed the proceedings to continue in his court. In concurrence with the Supreme court's order on Mr Yadav and Mr Mishra's petitions stood rejected as they had become infructuous, the CBI judge observed.

Filing the fresh petition for issuance of commons to Mr Yadav and Mr Mishra and others, CBI counsel Mr BMP Singh prayed that since the Supreme

Court had allowed the proceedings to continue in the special court here and the case involved fraudulent withdrawals of Rs 182 crore from Doranda treasury of Ranchi, the notices were a must against those whose arrest warrants were stayed by the Supreme Court.

HC defers hearing: Patna High Court today deferred till 6 August the hearing on Mr Laloo Yadav's petition challenging CBI's jurisdiction in chargesheeting him in the case, adds a report from Patna.

Mr Justice Narayan Roy of the court deferred the hearing keeping in view of the CBI petition in the Supreme court against a High Court decision turning down the agency's request for transferring 36 of the 52 cases from Patna to Jharkhand.

THE STATESMAN

30 MAY 1996

Ketan scam worth Rs 2,000 cr: Sebi

K.A. Badarinath
and Arun Kumar
New Delhi, May 15

THE SCAM that hit the market around Budget time was much bigger than previously thought. Ketan Parekh, at the centre of the scam, funneled as much as Rs 2,000 crore into the market to rig prices. The figure talked about earlier was Rs 800 crore. None of it was his money — a good Rs 1,200 crore was siphoned off from the banking system and Rs 800 crore came from corporates, among which were HFCL (Rs 425 crore) and Zee (Rs 340 crore).

According to the interim report of the Sebi that is now

with the joint parliamentary committee (JPC), Ketan was hand in glove with the promoters of some of the companies which funded his rigging operations during January-March this year.

He and his associates, the report reveals, not only manipulated prices of scrips such as HFCL, Zee Telefilms, DSQ Software and Global Telesystems, but also garnered huge funds by misusing the banking system.

Sebi investigations have established, prima facie, that even before the announcement of the merger of Global Trust Bank (GTB) with UTI Bank, Ketan played around with the GTB

scrip to raise his holdings in the bank well above the five per cent limit.

The cosy Ketan club included not just promoters of Indian companies but also some FII sub-accounts and overseas corporate bodies (OCBs). All of them helped him make massive transactions in select scrips, the Sebi report says.

Coming down hard on the foreign broking firm, Credit Suisse First Boston (CSFB), Sebi says it had indulged in "irregular" trades and collusive counterparty deals with Ketan camp brokers just to fund his operations.

"One of the sub-accounts of CSFB has also been extensively

used for transactions in key scrips. All these transactions appear to be a part of the manipulative process", the report says.

Acting in concert to hammer the market, another big broker, Nirmal Bang, went into collusive trades. He had substantial dealings through CSL Securities and also through an unregistered company called Palombe Securities, the report says.

Another top member of the bear cartel, Shankar Sharma's First Global group, and its associate firms went into deals just to depress prices of some scrips. They also indulged in circular trading and other irregular market practices.

THE HINDUSTAN TIMES

16 MAY 2001

SC allows two Hinduja brothers to leave India

HT Correspondent
New Delhi, May 12

NEARLY FOUR months after arriving in India for trial in the Bofors pay-off case, two of the three Europe-based Hinduja brothers, Srichand P Hinduja and Gopichand P Hinduja, were today granted permission by the Supreme Court to leave the country to keep business commitments abroad.

However, the Court set stringent pre-conditions while permitting them the freedom to travel. They have been asked to deposit a bank guarantee of Rs 15 crore each and the assured presence in the country of third brother, Prakash P Hinduja.

The court let it be known that Prakash P Hinduja would be taken into custody if the other two brothers jumped bail and failed to return to India by August 20. A bench comprising Justice M B Shah and Justice Y K Sabharwal said the counsel representing the Hinduja brothers would remain present in the court during hearing. It said the counsel would not be allowed to seek any adjournment on the ground that his clients were not present in the court.

The apex court adjourned till August 7 the further hearing of three Special Leave Petitions (SLPs) by the Hinduja brothers

the Delhi High Court order rejecting their plea to leave the country.

Before the Bench agreed to allow the duo to go abroad, a battery of lawyers representing them submitted that the Hinduja brothers would abide by any conditions laid down by the Court. They also assured the bench that their clients would return to India to face trial. Representing the Hinduja brothers, senior counsel Kapil Sibal said there was no question of the businessmen brothers not returning since they have stakes worth Rs 1000 crore in the country.

Earlier, the Bench had said that it could only admit the petitions for examining them after summer vacation. But Sibal suggested that the Bench could allow them to go abroad on the condition that one brother would stand guarantee for their return. Opposing the petitioners' plea, CBI counsel N Natrajan said if the accused were permitted to leave, they might not come back. He said the CBI's apprehension was based on certain documents.

The CBI counsel said the investigators would make all efforts to ensure conclusion of the trial in six months, as per the HC's direction. It said there were 91 witnesses in the case, including 11 foreign nationals.

THE HINDUSTAN TIMES

13 MAY 2001

Court to decide Laloo plea on May 15

M Madhusudan
Ranchi, May 10

CBI SPECIAL Judge AB Shekhar today reserved judgment on the plea by Laloo Prasad Yadav and Jagannath Mishra for a stay on the execution of the non-bailable arrest warrants against them.

The judgment will be pronounced on May 15.

He also turned down an oral appeal made by Laloo's lawyers for staying the arrest during the intervening period till the judgment.

Meanwhile, the two ex-CMs have simultaneously moved the Patna High Court requesting quashing of the orders passed by the CBI Special Judge and directions being given to the investigating agency to file the chargesheet in Patna.

The Patna High Court took a mention of the petition and listed it for tomorrow.

The courtroom was jampacked in anticipation of a decision and the Special Judge, after hearing the two sides for about two hours, observed that he would pass orders in this regard on



LALOO PRASAD YADAV

Tuesday as the court will remain close for two days (second Saturday and Sunday) in between.

The battery of lawyers representing Laloo challenged the jurisdiction of the Court of the Special Judge to issue arrest warrants against the RJD supremo in light of the orders passed by the monitoring bench in Patna as

also the judgment of the special bench.

Citing Section 89 (2) of the Bihar Reorganisation Act, 2000, the petitioners said that the Patna High Court had the power to pass orders in disputable cases.

They also stated that RC 47A/96, was never transferred by the Patna High Court to Jharkhand.

The CBI lawyers contended it saying that according to Section 178, Subsection 4, CRPC Act, the agency had the powers to file chargesheets at any place of occurrence.

Besides, the transfer issue and dispute did not arise because the recent orders regarding continuation of trials in Bihar by the Patna High Court was for the 36 cases in which chargesheets had already been filed, they argued, adding, RC 47A/96 was a fresh case where chargesheet had not been filed by then.

Interestingly, both the sides argued citing examples of two separate sub-sections of the same Section 89 of the Bihar Reorganisation Act 2000.

The CBI cited sub-section (1) which states "Every proceeding pending immediately before the appointed day before a court (other than the High Court), tribunal, authority or officer in any area which on that day falls within the State of Bihar shall, if it is a proceeding relating exclusively to the territory, which as from that day is the territory of the Jharkhand State, stand transferred to the corresponding court, tribunal, authority or officer of that State".

The petitioners cited Section 89 (2) which states "if any question arises as to whether any proceeding should stand transferred under sub-section (1), it shall be referred to the High Court at Patna and the decision of that High Court shall be final."

The CBI also said that there has been no such instance when a court has passed orders against its own judgment.

Further, according to law, the court could make only clerical or arithmetical corrections in an order passed by it, it said.

THE HINDUSTAN TIMES

11 MAY 2001

Laloo challenges chargesheets

STATESMAN NEWS SERVICE

RANCHI, May 9. — The RJD chief, Mr Laloo Prasad Yadav, and Dr Jagannath Mishra today challenged the chargesheets filed against them by the CBI and prayed for the stay of their arrest in the special CBI court of Mr A B Shekhar here.

The designated court had yesterday issued non-bailable arrest warrants against the two for their involvement in the fodder scam in respect of fraudulent withdrawal of money from the Doranda Treasury here.

In their petitions, Mr Laloo Yadav and Dr Mishra contested the jurisdiction of the special CBI court to take cognisance of the chargesheet filed by the CBI in view of one of the recent judgements of the Patna High Court.

The petitions said that the full Bench of the Patna High Court had decided in its judgement that all the cases of conspiracy in the Fodder Scam started at Patna and some of the substantial offences were also committed in Patna. The petitioners be stayed.

said that as per the said High Court judgment it had been maintained that all cases of conspiracy were not committed exclusively in Jharkhand and hence none of the cases was fit to be transferred to the state.

Mr Laloo Yadav and Dr Mishra petitioned that the case RC 47 (A)/96 in respect of fraudulent withdrawal of Rs 182 crores from Doranda Treasury under which the CBI had filed chargesheets against them and 100 other accused persons and the designated court took cognisance of the same and issued warrant of arrests, had never been transferred to the special CBI Court of Ranchi by the Patna High Court under section 89(2) of the Bihar Reorganisation Act, 2001. They said that the CBI concealed this fact from the designated court while filing the chargesheets yesterday.

The petitioners also maintained that under the circumstances the order passed by the court yesterday was without jurisdiction and hence it should be stayed.

The special CBI court of Ranchi judge, Mr A B Shekhar, had taken cognisance of the chargesheets filed against Mr Laloo Prasad Yadav, Dr Jagannath Mishra and 100 other accused persons, including senior bureaucrats, animal husbandry



Mr Laloo Prasad Yadav with his party legislators at his residence in Patna on Tuesday night. — PTI

department officials and suppliers of fodder and medicines of the department for their involvement in fraudulent withdrawal of Rs 183 crore from the Doranga Treasury for which an FIR was registered by the Ranchi Police in 1996. Subsequent

ly, the case was handed over to the CBI. The investigating considers this case RC (A)/96 of the greatest magnitude in all the cases relating to the multi crore fodder scam in Bihar.

The hearing will continue on the petitions filed by Mr Laloo Yadav and Dr Mishra tomorrow in the designated court. While the RJD chief was represented by senior counsels, Mr Janardan Rai, Mr Rajniti Prasad and Mr Rana Pratap Singh, Dr Mishra was represented by Mr Rana Pratap Singh and Mr Ajay Kumar Trivedi. Mr B N P Singh and Mr Ansari represented the CBI. The Court will take up the hearing tomorrow at 8.30 a.m.

Laloo to move HC: Mr Laloo Yadav will move the Patna High Court tomorrow on the same issue, RJD spokesman, Mr Shivanand Tiwari, said here today, adds PTI.

Mr Tiwari told newsmen that the CBI had committed contempt of court in chargesheeting the RJD president and alleged the investigating agency was serving the interests of its political masters in Delhi.

Arrest warrants issued against Laloo, Mishra in fodder scam case

The Times of India News Service

RANCHI: The Central Bureau of Investigation (CBI) filed an interim chargesheet against two former chief ministers of Bihar, Laloo Prasad Yadav and Jagannath Mishra, and 108 others accused in the multi-crore animal husbandry scam case.

Special CBI judge Asit Baran Shekhar issued non-bailable warrants of arrest against 110 of the 179 accused, including former chief ministers Mr Yadav and Mr Mishra. The court gave the investigating agency 14 days to execute its order and set the next date of hearing on May 22.

The four other politicians against whom chargesheets were filed on Tuesday are C.P. Verma and V.S. Nishad, former AHD minister of Bihar Dhruv Bhagat and Bhola Ram Toofani, a former minister who is no more.

The agency is still awaiting sanction from the speaker of the Lok Sabha and the Bihar assembly to file a chargesheet against Congress MP Rajo Singh and RJD legislator R.K. Rana.

CBI additional director U.N. Biswas arrived in Ranchi on Monday and the chargesheet was filed in the special CBI court at 6 a.m. on Tuesday. By 11 a.m., Mr Biswas and DIG Rakesh Asthana briefed the press.

The case relates to the office of the regional director, AHD,

Doranda and fraudulent withdrawals made from the Doranda treasury. An FIR was filed by the Bihar police on February 17, 1996 and the CBI registered the case on April 16, 1996. As per the FIR lodged by the police, withdrawals to the tune of Rs 182.82 crore were made from the Doranda treasury between 1991 and 1995. The CBI chargesheet deals with fake withdrawals of Rs 139.35 crore between 1988 and 1996.

A total of 502 false allotments were made and 2,367 false supply orders had been placed during the period.

The five chargesheeted bureaucrats are Mahesh Prasad, Beck Julius, K. Arumugham, Phool Chand Singh and M.C. Subarno. However, the CBI is still awaiting sanction from the Union and Jharkhand governments for filing a chargesheet against 69 others.

Of the nine chargesheeted AHD officials, six, including the brain behind the scam and AHD regional director Shyam Behari Sinha, are dead.

According to Mr Biswas, the entire CBI team in the country was involved in the investigation of the case and the actual chargesheet was filed by a CBI deputy SP in Chennai. In fact, the CBI had set up a printing press in Ranchi and Japan had supplied a number of Xerox machines to facilitate the preparation of the case papers.

THE TIMES OF INDIA

9 MAY 2001

Army had picked Tehelka Choudhary to brief CVC

GAURAV C. SAWANT
NEW DELHI, MAY 4

BEFORE he fell from grace Major General P.S.K. Choudhary — caught on the *Tehelka* tape receiving Rs 1 lakh as bribe — had briefed the Central Vigilance Commission on procurement procedures in Ministry of Defence (MoD).

In the informal meetings that followed, Choudhary had held forth on how to stem corruption in procurement system, sources in MoD told *The Indian Express*. Maj Gen Choudhary, Additional Director General (Weapons and Equipment), Directorate of Army Headquarters, had been hand-picked for the job in March 2000, exactly a year before he was exposed on tape.

Choudhary, as ADG (WE), was the most crucial link in the chain of equipment acquisition. He accepted Rs 1 lakh from the *Tehelka* 'arms dealers' for pushing the case for hand-held thermal imagers. He was suspended after he confessed to his "momentary

'Momentary weakness'



weakness" in accepting bribe.

Before that he was the sub-area commander, Dehradun, and had been brought in because of his "clean image".

In fact, so sure was the MoD of his clean image that he was on a select panel of officers sent to brief N. Vittal, the Chief Vigilance Commissioner (CVC) and his team before the CVC began investigation into corruption in defence deals.

The panel was headed by the defence secretary himself. As per a letter written to S.N.P.N. Sinha, secretary CVC, by S.K. Mishra,

then additional secretary (MoD), Choudhary's name figures on the list of officials selected to interact with the CVC.

Mishra, however, asked Sinha for more time. "The officers who were tasked to brief the CVC had to make certain preparations. Therefore the MoD needed more time," an MoD official said.

In the series of briefings, Choudhary explained the procurement procedures in the Army for acquisition of various weapon system and other equipment. Ironically, he also spoke on scope for corruption and how it could be curbed.

"Now we realise that since he knew the system, he also knew how it could be subverted and that is what he and his colleagues did," said an embarrassed officer at the army headquarters.

Choudhary had one of the finest career profiles in the Army. The finest officers in the Army are selected for Staff College. And the best among them are sent abroad to the UK. Choudhary had been sent to Staff College at Camberly.

THE HINDU

5 MAY 2001

Conviction politics — II

By P. Radhakrishnan

20-12
MS

THE ROLE of the Judiciary, which is vital even under normal circumstances, is much more when the state, the political class, and the bureaucracy abdicate their responsibilities and indulge in loot and scoot. Consequently, the Judiciary has to be everywhere concerned with practically everything. This raises the question why even 50 years after the Constitution came into force it is not able to live up to the ordinary citizens' legitimate aspirations and expectations and why the judicial activism of the early 1990s was so short-lived.

Giving mere deadlines to States which are insensitive to time and social concerns will not add up. The Supreme Court's intervention in the recent CNG controversy is a pointer. When the Supreme Court "settled" the Mandal controversy through its rulings of November 16, 1992, it was widely seen as judicial pragmatism. But even eight years after the rulings most of the States have not honoured them.

When the Consumer Protection Act was introduced it envisaged disposal of cases by the consumer forums within the quickest possible time, say, 90 days. But cases have been pending for even three years before the State and the district forums. The delays are mainly due to the fact that appointments to the forums are by the States, which indifferent as they are to consumers' woes may look for political gains in such appointments, and not by the Judiciary, and partly due to the poor calibre of sections of our legal class.

When ordinary citizens have to wait for years for legal redress it defies comprehension why the Judiciary should set up special courts to try a few politicians merely because those in power want it to do so as it has happened in Ms. Jayalalitha's case. Instead, the Judiciary should have as many special courts (or fast-track courts) as needed to ensure that any case of any significance is adjudicated within the quickest possible time.

Four, the E.C.'s ruling that under Section 8 (3) of the Representation of the People Act (RPA), 1951, disqualification started from the date of conviction by the trial court, is *prima facie* illogical inas-

much as conviction by its very meaning can be conviction only when it is decided so in the ultimate disposal of the appeal. Seen thus, alternatives should be worked out for speedy trials.

Five, the rejection of Ms. Jayalalitha's nominations as against the acceptance of that of the UDF member and Kerala Congress (B) leader, Mr. R. Balakrishna Pillai, despite objections by his LDF opponent. Mr. Pillai had been convicted to five years' rigorous imprisonment on corruption charges (in the Edamalar case) when he was Kerala's Electricity Minister.

from doing. This is anomalous when similar rulings do not exist in or are not followed by other States.

Six, given the chaotic proliferation of case-laws in some areas, and stagnation of laws in some others which are still in the archaic colonial past, there cannot be finality to many rulings when the Constitution is seen as a vibrant document to deal with a society and polity far too dynamic, ubiquitous, complex and diverse, beyond even what the framers of the Constitution might have envisaged.

Seven, if the observation, by Mr. Justice

position is finally settled in which case the loss is compounded by punishment. It is quite another thing to disqualify a candidate from contesting when the legal position is still unsettled in which case the candidate is an unfair loser. The first seems more plausible and judicious if Judges merely expressing their "views" and confusing people is to be avoided, and the E.C. is not to get bogged down with irrational technicalities and enmeshed in labyrinthine laws, which lack consistency and coherence in the context of the country as a whole.

The Kerala High Court ordering an urgent notice on a petition seeking to bar Mr. Pillai from contesting the election and to repeal section 8 (4) of the RPA — contending that it is arbitrary, illegal, unreasonable and violative of the Constitution — may not dampen the ardour of either Mr. Pillai or Ms. Jayalalitha. For, the Court's belated notice points to yet another anomaly in our judicial system of different courts dealing with the same or related issues differently as will be evident from a comparison of this notice with what the Madras High Court did on April 23. The reference is to its dismissal of a petition from VOICE (Consumer Care Council) seeking to restrain the ROs in the State from accepting nominations from candidates who have been convicted and disqualified under Sections 8 (1) to 8 (3) of the RPA. The Court's observation while dismissing the petition were: (a) The power vested with the E.C. is expected to be discharged reasonably, objectively, independently and in accordance with law; and (b) it was settled that once the election process started the judicial remedy was to be postponed till the completion of such process.

Probably, a convicted Jayalalitha whose nomination papers have been rejected may find her saviour in a convicted Pillai whose papers have been accepted, if not directly at least through belated legal redress or as the E.C.'s belated response to its own folly. In which case, both the convicts may have their last laugh much to the chagrin of, as Ms. Jayalalitha would have it, her convict in waiting.

(Concluded)

The issue is not whether the E.C. has done injustice to Ms. Jayalalitha and favoured Mr. Pillai. It is whether the E.C. has got its rules right.

The Kerala High Court suspended the sentence but not the conviction and his appeal against conviction is pending before the apex court. He was also convicted for one year in another corruption (Graphite) case and was in jail for a week last March. Despite these, the RO in his order held that Mr. Pillai enjoyed protection under Section 8 (4) of the RPA, as he was a sitting MLA on the day of scrutiny.

If a mere MLA-ship can wipe out and its absence can whip up conviction, it stands logic on its head and defies the very rationale of disqualification on grounds of corruption and conviction. One might wonder how the E.C. continues to have such anachronisms in its rulebook. The issue here is not whether the E.C. has done "injustice" to Ms. Jayalalitha and favoured Mr. Pillai. It is whether the E.C. has got its rules right, and beyond any ambiguities, dilemmas, and interpretations that could have prevented miscarriage of law or "justice" as Ms. Jayalalitha would have it. This view also needs to be juxtaposed with the Centre's claim on April 23 before the Supreme Court that the Kerala High Court judgment empowering the E.C. to initiate deregistration proceedings against political parties, which called for 'bandhs' affecting normal life, has vested an awesome power in the E.C. which Parliament had refrained

Malai Subramanian, Judge of the Madras High Court, while dismissing Ms. Jayalalitha's writ petitions seeking suspension of her conviction in two TANSI land deal cases, that the High Court had already suspended the sentences of imprisonment pronounced by a trial court, and since the conviction and sentence are inseparable twins in the eyes of the law the moment the sentence is suspended the conviction is deemed to have been suspended, and under such circumstances, in his view, there may not be any disqualification for the petitioner to contest in the election, makes sense — and it should make immense sense even to lay persons inasmuch as if conviction and sentence are not inseparable the question of appeal and suspension does not arise — the Judge's "view" raises a larger issue.

No citizen would approach the Judiciary merely for the pleasure of hearing the "views" of a judge. The Judge having expressed his "view" it is incumbent on the E.C. either to adhere to it or in case of doubt have it clarified. Failure to do so has been presumptuous and has caused interpretations that are discriminatory as in the case of Ms. Jayalalitha vis-a-vis Mr. Pillai.

Eight, it is one thing to allow a candidate to contest elections and disqualify him or her if found guilty after the legal

THE HINDU

2 MAY 2001

40-12/ Conviction politics — I

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By P. Radhakrishnan

GOING BY its meaning, conviction is the act of convicting, to find or prove guilty of an offence or crime. It thus remains inconclusive until the guilt is proved ultimately with the accused having no more avenues for appeal. Not surprisingly, the rejection of some of the nomination papers for the Assembly elections on the ground of conviction has already added the "disqualification row" to the bluff and ballyhoo that are characteristic of our electioneering.

Conviction, however, has another meaning. That is, a strong opinion or belief. This is not without relevance to the conviction of political opponents and their charges that it is not law taking its own course but law taken to a set course with sinister motives. In our unhealthy, unprincipled, immoral, and competitive politics, both these meanings buttress each other and add yet another infamous terminology, "conviction politics", to our already infamous political lexicon.

From the perspective of the Election Commission (E.C.), conviction in the first sense may be part of its attempts to cleanse the electoral process. But from a larger national perspective, the related provisions seem to have only confounded the prevailing confusion and further vitiated the political atmosphere. To understand this, Tamil Nadu could be a good starting point.

The Chief Minister, Mr. M. Karunanidhi's electoral game plan is reminiscent of Napoleon's claim that all is fair in love and war. To the naive, Mr. Karunanidhi's claim, that while he is happy that his nomination papers were accepted, he is unhappy about the rejection of those of the "other person" (read AIADMK general secretary, Ms. J. Jayalalitha), as he likes to face his political enemy in the election battle and is not interested in tying (her) hands and then winning at the hustings, might have made him a knight in shining armour; and his praise for the former Chief Election Commissioner, Mr. T. N. Seshan, and his successor, Mr. M. S. Gill, for "strict enforcing of election laws" might have sounded oracular. But to the discerning public, these are insidious, part of the fast evolving conviction politics, and yet another bout of charades and chicanery.

Given this background, and the claim

that the rejection of Ms. Jayalalitha's nomination papers by the Returning Officers (ROs) was at the behest of Mr. Karunanidhi, the final verdict in the corruption cases involving her has yet to be delivered, and until then the E.C. cannot disqualify her, Ms. Jayalalitha's disqualification and the related charges pointing to the limitations and incongruities in our democratic polity, should raise at least eight issues of vital national importance involving the Executive, the Judiciary, and the E.C.

One, the lack of mechanisms independent of bureaucracy, Ministries and Ministers to detect fraud in *flagrante delicto* and punish the guilty. That India still has the dubious distinction of being a top ranker

late Indrajit Gupta, about the threats to the nation posed by the strong nexus between corruption and criminality involving politicians, bureaucrats, and private interests.

Though the Centre has a Central Vigilance Commission as of now its performance is picayune. The State Vigilance Commissions, where they exist, are mere appendages of the parties in power, singing, as the adage goes, the songs of those whose bread they eat. If States were to have really vigilant and vigorous vigilance commissions, free from the thralldom of those in power, with sufficient independence and integrity, it is inconceivable how Ms. Jayalalitha would have landed in the kind of political and legal mess she is in

The related provisions (on disqualification of candidates) seem to have only confounded the prevailing confusion and further vitiated the political atmosphere.

among the world's most corrupt nations, coming 22nd last year in Transparency International's annual index, has a direct bearing on this. If the findings of an exit poll conducted by the CMS in six cities a few months ago are any indication, of those responsible for corruption between one-third and two-thirds are politicians.

A social critic summarised the evil thus: "Politicians enter politics in order to become corrupt. If they don't practise corruption, how will they support their roles as patrons? You will find that each of these politicians caught for corruption has his group of supporters, who rely on his patronage".

In the absence of adequate and appropriate institutional mechanisms many of the corrupt go scot-free, those who get caught are few and far between; some are caught by the successor Governments not because of any genuine concern for cleaning up the system or presence of any institutional arrangements for the same but because of personal and political animosity deeply embedded in decades-old decadent politics. That explains the alacrity with which Mr. Karunanidhi pursued the corruption charges against Ms. Jayalalitha and associates. That also explains the repeated lamentation by, among others, the

now, and how Mr. Karunanidhi would have had the kind of euphoria he has been having ever since he assumed power, and especially now in the context of the elections, over his corruption-free governance, though the DMK has its own baggage of infamy of corruption scandals buried in recent history, to which Ms. Jayalalitha has added more recently.

Corruption might not have been as blatant during the DMK's rule as it was during the AIADMK's. But it is still pervasive, as for instance, in the continuing nexus between the builders, the Registration Department, the Chennai Corporation, the CMDA, the police, and so on; in the scandals involving these and other agencies over the repeated attempts at "regularisation" (whatever that may mean) of violation of building rules by the builders; in the refusal by the police to act on genuine complaints against intimidation and threats by members of the builders lobby even after the complaints were brought before the Police Commissioner, and the sudden police "action" when pressured from the top; in the harassment by the staff of the Registration Office when registered residents' welfare associations refuse to bribe them for accepting the annual returns, and in the callous and irresponsible

attitude of the Inspector General of Registration, the appellate authority under the Societies Act, when complaints are brought before him with *prima facie* evidence (while on this it is pertinent to note that the Revenue Department of which the Registration Department is a part is still notorious as the most corrupt); and in the hush-hush talks (for fear of reprisal) about the rejection by Ministers of some of the valid tenders when contractors refuse to grease their palms with the usual "cuts". If corruption has not been too visible during the DMK rule it is because unlike Ms. Jayalalitha, Mr. Karunanidhi has not been amateurish; and if corruption charges against the DMK Ministry start tumbling down after the Assembly elections it will be either the result of disgruntled or defected DMK leaders spilling the beans or the DMK's probable successor, the AIADMK, repeating the witch-hunt.

Two, given its proximity to the BJP, a party representing pernicious and outrageous outfits of rabid Hindu communalism, but for which the BJP would not have found any political space in Tamil Nadu and cannot continue to expand this space as it is doing now, the DMK's claim of clean and good governance is spurious. For, among other things, despite Mr. Karunanidhi's repeated claims that the DMK will not allow any kind of communalism he did hardly anything to prevent Hindutva's atrocities against the religious minorities; and has done hardly anything to arrest the BJP's Vedic mania which has been spreading like gangrene through, among others, the MIIRD's Nazi-type purge of the nation's cultural and intellectual heritage by purging its rich and varied history, education, and culture. Though the BJP gained only one seat in the 1996 Assembly elections, with the DMK allotting to it as many as 21 seats its gain in the present Assembly elections is expected to be in keeping with the Sangh Parivar's "incremental politics".

Three, the lack of judicial pragmatism, concern beyond the immediate, and built-in follow-up mechanisms to ensure that judicial decisions are enforced judiciously and expeditiously, without waiting for doomsday. These issues need elaboration.

(The writer is Professor, Madras Institute of Development Studies, Chennai.)

THE HINDU

1 MAY 2001

Corruption issue doesn't help Congress much

BY VENKATESH KESARI

New Delhi, April 29: After making a hue and cry over the Tehelka expose, the Congress has realised that corruption will not be an issue in the upcoming Assembly elections in the five states.

Secularism too, will not be a major plank to attract votes as in most of the states, it's a direct fight between secular parties.

The Congress will not be able to stretch the corruption issue beyond a point because it would be counter-productive in Tamil Nadu and Pondicherry due to its poll alliance with the AIADMK chief, Ms Jayalalitha, who is involved in numerous corruption cases and has not been allowed to fight Assembly elections because of her conviction the Tansi

land case.

The Congress will also be unable to take on the BJP on the Tehelka issue in Tamil Nadu and Pondicherry since the BJP does not have a presence there.

However, chief minister M. Karunanidhi would be in a position to use the corruption issue to his advantage if the Congress persists. This is because personalities matter more than issues in Tamil Nadu, which also influences public opinion in adjacent Pondicherry. The Congress is an ally of Ms Jayalalitha-led secular front and is fighting against the DMK-led front along with the PMK despite having ideological differences.

In West Bengal and Kerala, the Congress is fighting against the Left parties. And Assam is altogether different, where the

fight is with militant outfits trying to control the government irrespective of which party is coming to power after the election.

An AICC general secretary was candid enough to concede how the political language changes at the state level. "Here (at the national level), we explain our positions in terms of secular and communal dimensions of politics. But this will not appeal to the voters in these states because the fight is mainly between the secular parties."

According to him, the secular-communal language would convey proper message to the people of Uttar Pradesh, Bihar and to some extent Gujarat, where the polarisation is sharp.

The Congress had earlier planned to dub the Tehelka tapes in different languages to

expose the Vajpayee government, but it has just prepared some audio cassettes for the Assembly elections. Interestingly, the Congress believes that the BJP is "communal," but its NDA allies are "secular," barring the Shiv Sena. And their secular credentials are still intact although they are a part of the NDA.

Meanwhile, Chhattisgarh chief minister Ajit Jogi said in Tiruchirapalli on Sunday that the Congress and the "like-minded" parties would want the National Democratic Alliance government at the Centre to complete its full term "so that they get fully exposed." "However, the way things are happening at the Centre, it looks that the NDA government will go out of office before completing its tenure," he added.

THE ASIAN AGE

30 APR 2001

PM rejects Cong demand for JPC probe on Tehelka

Sonia gives Advani a piece of her mind

Singh shifted from PMO to Plan panel

PRESS TRUST OF INDIA
NEW DELHI, APRIL 27

EXPRESS NEWS SERVICE
NEW DELHI, APRIL 27

AN acrimonious Budget session of Parliament today ended ahead of schedule on a bitter note with Prime Minister Atal Behari Vajpayee regretting the conduct of the Opposition and rejecting the demand for a JPC on the Tehelka expose and Leader of the Opposition Sonia Gandhi venting her anger at the Treasury benches.

The last day of the curtailed session witnessed high drama of a walkout by the Congress on the rejection of JPC demand. Vajpayee taking umbrage at being "abused" in the House and to cap it all, a short burst of fire by Gandhi against the Government minutes after the Lok Sabha adjourned sine die.

An unusually belligerent Gandhi attacked Home Minister LK Advani, who was moving towards the Opposition benches for an apparent exchange of pleasantries at the end of the session marked mainly by stalling tactics of Congress on the Tehelka issue.

An angry Gandhi told Advani that she had gone out of the way to end the session on a positive note but said Vajpayee, in his closing remarks, resorted to attacking her party. She was apparently taking

CONTINUED ON PAGE 2

N K Singh, Officer on Special Duty in the PMO, was today appointed as Member, Planning Commission, ending weeks of speculation over his fate after he was targeted by sections of the RSS and the BJP in the wake of the Tehelka storm buffeting the PMO, although his name never figured in the tapes.

Singh, who will hold the rank of Minister of State in his five-year tenure, fills the vacancy created by the exit of Montek Singh Ahluwalia from the Planning Commission. Ahluwalia has been appointed External Evaluator of the IMF in Washington.

An officer of the 1964 batch, Singh was reappointed OSD in the PMO — where he handled economic matters as Secretary — after he retired in January this year. Though no fixed term was specified, it was understood that he would remain until the Budget was passed. There is no word on his successor as yet. Singh formally leaves the PMO only on April 30 and the name of his successor is expected to be finalised before that.

INDIAN EXPRESS

28 APR 2001

Hindujas barred from leaving India

By Our Staff Reporter

NEW DELHI, APRIL 27. The Delhi High Court today refused to allow the three Hinduja brothers facing prosecution in the multi-crore Bofors pay-off case, Mr. Gopichand P. Hinduja, Mr. Prakash P. Hinduja and Mr. Srichand P. Hinduja, to go abroad.

The Central Bureau of Investigation chargesheeted the three brothers in December last year. They appeared before a Special Court for CBI cases on summons in January and then the special judge, Mr. Ajit Bharihoke, granted them bail.

However, the special judge refused to allow them permission to go abroad which they had sought immediately after they were granted bail, taking the plea that they had to attend to important business matters in different countries. The Judge also asked them not to leave the country without the court's permission.

It was against these orders that the three brothers had filed revision petitions in the high court urging it to quash the lower court orders.

But Mr. Justice S.K. Aggarwal of the high court refused to interfere with Mr. Bharihoke's orders.

"...Taking into consideration the nature and gravity of the offence, conduct of the petitioners and the fact that they have no immoveable or moveable assets in this country, apprehension of the prosecution that the petitioners may not be available before the court, if they feel that proceedings of the case are going adverse to them, cannot be said to be unfounded," Mr. Aggarwal said while rejecting their petitions.

The judge concurred with the CBI argument that for nine long years, the three brothers succeeded in blocking transmission of the

second set of documents revealing nine payments of SEK 81 millions by Messrs A.B. Bofors in three different code name bank accounts of Messrs Mc Intyre Corporation between May and December 1986.

Opposing the petitions, counsel for the CBI submitted that the petitioners had been visiting India regularly from 1991 till 1999; however, after the Swiss Federal Court dismissed their appeal and allowed transmission of the documents to Indian authorities, they stopped visiting India.

They did not participate in the investigations despite repeated requests on 12.1.2000, 26.1.2000, 23.3.2000 and 12.5.2000, the CBI counsel submitted.

The Judge's observed: "It may be mentioned that the petitioners succeeded in blocking transmission of the documents for nine long years... It is rightly said, 'when morality comes up against profit, it is seldom that profit loses.'

"In my view, taking into consideration the nature and gravity of the offence revealed through the circumstances noticed above and the conduct of the petitioners, who are foreign nationals, imposition of condition, directing them not to leave the country without permission of the court, is fully justified and in accordance with law. The fact that the accused persons are foreign nationals by itself can be a ground to decline bail in the given circumstances," the Judge said.

On the plea of the petitioners' counsel that their clients had vast financial interests in India and they were running several philanthropic, educational, medical and charitable institutions, the Judge said they were not relevant to the issues involved in the case.

THE HINDU

28 APR 2001

Opp walks out in RS over Verma

HT Correspondent
New Delhi, April 26

THE RAJYA Sabha Opposition was unmoved by Yashwant Sinha's promise to fight corruption today and walked out over the Government's failure to check the nexus between Customs officials and smugglers.

Sinha made an identical statement in both Houses of Parliament on the recent arrest of Central Board of Excise and Customs Chairman B P Verma and the registration of cases against several Customs officials.

Replying to clarifications sought by Rajya Sabha members, the minister said: "As far as my ministry is concerned, I will wage a war without any mercy

against any wrong-doer. We are acting decisively and severely."

He said his ministry had launched a large-scale clean-up operation by tightening vigilance at airports, seaports and land routes. No breach of nation-

al security had come to light as a result of the officers' involvement in the racket, he assured the House.

The CBI had intensified investigations following the Verma exposé, he said. But the Opposi-

tion was outraged that in spite of adverse comments by the Central Vigilance Commissioner, Verma managed to make it to the top post in the Customs department.

Leader of the Opposition, Manmohan Singh, said 60 per cent of the Government's revenue was collected by the Customs and excise department, and thus any lapse there is dangerous for the economy. As many as 48 officials were found involved in the racket involving middlemen, smugglers and Customs officials.

The racket went on despite warning from an Indian Mission official in Tashkent. Responsibility should be fixed as to who ignored the warning, the Opposition said, adding that the Customs seemed to be scuttling the probe.

LOK SABHA UPROAR

The alleged saffronisation drive launched by the HRD Ministry prominently figured in Lok Sabha today as Congress members from Punjab drew the House's attention to an article written by Education Secretary M K Kaw in the official NCERT journal, drawing comparison between various religions.

The Congress MPs were joined by other Opposition parties as they alleged that levelled baseless charges against religions following a single holy book.

Raising the issue during zero hour, Congress's Balbir Singh expressed shock that a senior officer had written such an article in his official capacity.

HTC, New Delhi

THE HINDUSTAN TIMES

27 APR 2001

CSM-100
57-8
27/4

Opposition flays Sinha for Verma's postings

STATESMAN NEWS SERVICE

NEW DELHI, April 26. — Former chairman of central board of customs and excise, BP Verma, could have passed sensitive information to vested interests while the budget was being prepared as he was a member of the finance ministry's budgetary panel, Opposition leader in the Rajya Sabha and former finance minister, Dr Manmohan Singh, today said and added the case as an indicator was subversion of budgetary process.

The finance minister, Mr Yashwant Sinha's assurance to the Rajya Sabha to "wage a war" against corruption cut little ice with the Opposition, who staged a walkout expressing their dissatisfaction to his reply on BP Verma's case and raids on premises of customs officials.

Although the finance minister in his initial statement said that Verma had abused his official position and showed favour to a Chennai-based firm, AK Enterprise, he defended Verma's appointments at various senior positions

including member of CBEC, director of Central Economic Intelligence Bureau and finally to the top post in customs and excise, on technical grounds.

Citing department of personnel and training norms, Mr Sinha said pending cases and warnings given by the Central Vigilance Commission and revenue secretaries did not constitute adverse remarks on his confidential report and did not act as a barrier to his promotion. Moreover, the CVC letter advising the ministry to reconsider Verma's candidature as CBEC chairman came a day or two after his appointment was cleared by the Cabinet's appointments committee.

This, however, did not satisfy the Opposition. Dr Singh said that even if Verma qualified on technical grounds, the fact that he was an accused in several cases and his integrity was under cloud, should have prevented the government from elevating him to the top post and from handling sensitive position as in-charge of the departmental budgetary panel and member of central committee.

THE STATESMAN

27 APR 2001

Govt agrees to JPC probe into stocks scam

Corruption
27/4
STI

STATESMAN NEWS SERVICE

NEW DELHI, April 26. — The government today agreed to concede a Congress demand to appoint a Joint Parliamentary Committee to probe the alleged manipulation of the stock markets, especially after the Budget was presented last month that resulted in hundreds of crores being wiped out and thousands of people losing their life's savings.

By doing so, the government has probably scored a political point, a member appointed to the committee said, but this JPC "will be harmful for the economy, because the stock market will go for a toss." Also, the government could not appear to be unreasonable by refusing everything," the member said.

A joint committee consisting of 30 members, 10 from Rajya Sabha and 20 from Lok Sabha, has been appointed with a six-point brief — to go into the irregularities and manipulations in all their ramifications in all transactions, including insider trading, to fix responsibility of the persons, institutions or authorities, to identify the misuse, if any, of and failures/inadequacies in the control and supervisory mechanisms, to recommend safeguards and improvements in the system and to prevent recurrence of such failures, to suggest measures to protect small investors, and to suggest deterrent measures against those found guilty of violating regulations.

The Speaker is supposed to nominate a chairman for the

committee from among the 30 members, and the JPC is required to report to Parliament by the end of the next session, parliamentary affairs minister, Mr Pramod Mahajan said, moving the motion for the appointment.

Among the members appointed from the Lok Sabha are Mr Jaipal Reddy, Mrs Margaret Alva and Mr Mani Shankar Aiyar from the Congress; Mr Kirit Somaiya, Mr Harin Pathak and Mr Vijay Goel from the BJP; the CPI-M's Mr Rupchand Pal and the Telugu Desam's Mr K Yerran Naidu.

Mr Reddy was a member of the previous JPC appointed in 1992 to inquire into the securities scam. That JPC lasted 18 months and had 500 hours of sittings before it fixed the blame on Mehta for 'totally brazen' forging of bank receipts, and on former minister of state for finance, Mr Rameshwar Thakur, and former RBI governor, Mr S Venkitaramanan, for failing to adequately monitor the issue of bank securities and the misuse of PSUs, Mr Reddy said. The difference this time is that banks and financial institutions are involved, not PSUs, and this is a stock market scam.

Parekh case: Mr Ketan Parekh, Mr Kartik Parekh, and the branch manager of Madhavpura Mercantile Cooperative Bank, Mr JB Pandya, were today further remanded in judicial custody till 3 May by a special court, which refused to grant them bail in the pay-order scam case. PTI adds from Mumbai.

THE STATESMAN

27 APR 2001

House impasse ends as Sonia and Vajpayee thrash out row on JPC

The Times of India News Service
NEW DELHI: The month-long crisis that had all but paralysed parliament ended late on Monday evening with the Congress agreeing to defer a decision on a Joint Parliamentary Committee (JPC) on the Tehelka issue until after the Union budget is discussed and passed.

Earlier, speaker G.M.C. Balayogi had reportedly indicated that it might be difficult for him to continue presiding if the impasse in the House continued.

The resolution came at a meeting in the speaker's chamber where Prime Minister Atal Behari Vajpayee and leader of the opposition Sonia Gandhi were present along with parliamentary affairs minister Pramod Mahajan and senior Congress leaders Madhavrao Scindia and P.R. Das Munshi.

The face-saving formula that eventually passed muster hinged on the government agreeing to say that it had an "open mind" on con-

stituting a JPC on the Tehelka issue but that it would take "a final view" on the matter after the Union budget was passed in the Lok Sabha after a proper discussion. The Lok Sabha's business advisory committee will meet on Tuesday to decide on how to bring

concerned, we have a closed mind on the JPC."

However, government sources made it clear that it was saying it had an "open mind" on the JPC merely to allow a resolution of the impasse. In fact, it still intended to say that after all the discussion, the "majority opinion" in the Lok Sabha was against a JPC on the 'armsgate' scandal. To this end, the BJP leadership has spoken to all its NDA partners to ensure that they, too, fall in line. As for the 29-member Telugu Desam Party, the PM has reportedly been in touch with Andhra Pradesh chief minister N. Chandrababu Naidu and got the green signal from him as well.

The other formula that was floated by the government—but reportedly rejected by the Congress—was first to permit a discussion on the Tehelka issue under Rule 170, which allows for voting, in the Rajya Sabha, followed by a similar discussion in the Lok Sabha.



A.B. Vajpayee Sonia Gandhi G.M.C. Balayogi

up the issue in the House.

The Congress tried to justify its climbdown later. Party spokesperson S. Jaipal Reddy said, "The fact that the PM moved from outright rejection of the formation of a JPC to saying that he had an open mind, and doing so in the presence of the speaker, is a major assurance. Their mind has moved from closed to open. As far as we are

THE TIMES OF INDIA

24 APR 2001

Jaya's fate hangs in balance as EC sticks to '97 instructions

The Times of India News Service

CHENNAI: In a development which may have a bearing on the possibility of AIADMK chief J. Jayalalitha contesting the polls in Tamil Nadu, the Election Commission on Friday told the Madras high court that it stood by the 1997 instruction which bars convicted candidates from contesting elections.

The EC's counsel, K. Rajagopal, informed a two-member division bench of the court headed by chief justice N.K. Jain that the commission had issued orders to returning officers in the coming elections that the August 20, 1997, instruction issued by it held good and should be followed.

The EC's stand in the court has clearly brought out the stand election officials could take on Ms Jayalalitha's nominations filed in the Andipatti and Krishnagiri constituencies for the May 10 assembly polls. Meanwhile, the bench, including Justice K. Sampath, reserved orders for Monday on a public interest litigation petition filed by advocate K.M. Vijayan seeking a direction to the returning officers of Krishnagiri and Andipatti not to accept the nomination papers filed by Ms Jayalalitha.

Ms Jayalalitha has been convicted in the TANSI land deal case. Her nomination papers for the elections will be taken up for scrutiny on April 24. The decision is bound to make a huge difference in the elections.

The court also dismissed a petition seeking a direction to the EC and the authorities

concerned to disqualify Ms Jayalalitha from contesting elections.

After a hearing, the bench dismissed the petition filed by Dr Ching Chang Ching on the ground that the court could not interfere since the election process had already been set in motion.

In the other petition, advocate Vijayan sought a direction to restrain the returning officers for the May 10 polls to the Tamil Nadu assembly from accepting the nomination papers of any candidate who had been convicted and disqualified under the Representation of People Act (RPA).

The petitioner also sought a declaration that disqualification under Section 8 (1) 2 and Section 8 of the RPA could not be stayed and that it should be implemented irrespective of any pendency of appeal or suspension of sentence or stay of conviction. Stating that a returning officer had no discretion to admit the nomination of a candidate against glaring statutory disqualification, the petition contended that such an action would go against the object of the RPA.

Contending that a returning officer had no jurisdiction to act as a quasi-judicial authority in deciding the merits of a candidate disqualified under the RPA, Mr Vijayan said the declaratory mandate of law could not be left to the returning officers to decide any way other than to reject the nomination papers of a candidate who fell within the ambit of Section 8 of the act.



J. Jayalalitha

THE TIMES OF INDIA

21 APR 2001

Copy to
D.J.K.

Cong. firm on JPC probe

By Our Special Correspondent

NEW DELHI, APRIL 19. The Congress today refused to budge from its demand for a JPC probe into the Tehelka expose. The position was made clear by the Leader of the Opposition, Ms. Sonia Gandhi, at her meeting with the Lok Sabha Speaker, Mr. G. M. Balayogi and later by Mr. Madhavrao Scindia at the Business Advisory Committee (BAC) meeting in the evening.

At her 20-minute meeting with the Speaker, which took place at his invitation, Ms. Gandhi reportedly told the Speaker that the party had done its utmost to put an end to the crisis in Parliament and had made the most reasonable demand for the setting up of a JPC.

This, the Congress president said, was the minimum which it expected the Government to do. Both Ms. Gandhi and Mr. Scin-

dia, who accompanied her to the Speaker's meeting, pointed out to Mr. Balayogi that the original offer for a JPC probe was made by the Government and now it was backing out of it. The two leaders said that in the past Congress Governments had set up a JPC probe even when Parliament was not in session and had *suo motu* announced a CBI probe.

The two leaders also emphasised the Congress desire to have a comprehensive discussion on the budget before it was passed, as opposed to the Government's plan to get it passed without one. Ms. Gandhi later made the same point in a brief chat with newsmen saying that "a discussion on the budget was a must and the Government's move to push it through was unprecedented, it's never happened before" she said.

Even at the BAC meeting, the Congress representatives, Mr.

Scindia and Mr. Pawan Bansal stuck to the demand for a JPC probe.

Mr. Scindia made it clear that the party had agreed to the tentative list of business prepared by the BAC on the condition that the Government would agree to the JPC probe 'even at this late stage'. He reportedly made the point that "there are occasions when the Government must display some statesmanship and make a gesture to break the deadlock."

The party also positioned itself against attempts by the Treasury benches to get the budget passed without a discussion. Both Mr. Scindia and the party spokesperson, Mr. Jaipal Reddy made the point that the Congress had very deliberately and consciously limited itself to a demand for a JPC probe, which according to them was most reasonable.

THE HINDU

20 APR 2001

QUESTION OF CORRUPTION!

Shadow Boxing between Congress & BJP

IF the Congress have the Vajpayee government over a barrel on how to handle the tehelka tapes, it is because they have been extended an invitation to do just that. The initial shock resulted in predictable responses. Nothing was wrong, the tapes were a fabrication, the intention was to destabilize the administration, and references to the PMO, senior bureaucrats, son-in-law of the prime minister were all part of a conspiracy and motivated. This response inspired no confidence and soon began to fade. First Bangaru Laxman had to go, then George Fernandes and Jaya Jaitley, the cloud remains over the rest. In sharp contrast, the Chief of Army Staff unambiguously accepted that a major house-cleaning operation was necessary, hit the ground running with an inquiry and no one is in any doubt that whichever way the cookie crumbles, General Padmanabhan will do his duty. *Sir 19/11*

It is not as though the Congress do not have a case to answer. Whatever the inadequacies of Government's response, when the Prime Minister offered a Joint Parliamentary Committee, an inquiry by a sitting Supreme Court judge, or any other inquiry that would satisfy the Opposition, they merely repeated the demand for the Government's resignation. When they realized that Vajpayee was ready to call their bluff, they backtracked and allowed the announcement of a Commission headed by a retired Supreme Court judge. The matter has been unduly delayed, but an announcement has been made. Now at this late stage the Congress insist on a Joint Parliamentary Committee. The bankruptcy of thinking is painfully evident. Somebody may have pointed out to Sonia the possibilities of a Joint Committee. It will not be as easy as the Joint Committee on Bofors, which the Opposition boycotted and handed Rajiv and his conspirators the opportunity they were looking for. The Committee headed by Shankaranand served several purposes, not the least of which was to facilitate lies on twentytwo different occasions by Bofors representatives as documented by Henrik Westander, a respected Swedish investigator. Shankaranand was blatant and ham-handed but it took the innocent Swedes some time to catch on that Rajiv was not interested in the truth. It led to the Swedes abandoning their own inquiry, which was pointing straight to Rajiv and his cohorts. Then came the Joint Committee on the Harshad Mehta securities scam, during the prime ministership of Narasimha Rao, which performed better but on whose Report, no action has been taken.

While this shadow boxing is going on other mischief is in the wind and this will cause permanent damage. Legislation to restore the Single Directive struck down by the Supreme Court (coram Verma, C.J., Bharucha and Sen JJ.) in a landmark judgment dated 18 December 1987 is proceeding apace. The cabinet is said to have so decided, the Attorney-General who advised Vajpayee in March 1998 to respect the judgment is now quoted to be a party to restoring the Single Directive and raise the bureaucrat above the law. Our request to be told of one officer whose prosecution under the Directive was sanctioned by his superior, remains unanswered. The bureaucrat's bureaucrat now in the PMO who hoodwinked Jethmalani's Cabinet sub-committee to bypass the Bill drafted by the Law Commission in line with the Supreme Court judgment, may well be behind this current move. After all the Single Directive protects bureaucrats who are or have been in office. Bureaucrats may leave the PMO for greener pastures but may still need protection.

Which politician is credible on the subject of corruption —
We can think of none!

THE STATESMAN

19 APR 2000

Punish Tehelka-accused first: Cong.

By Javed M. Ansari

HD-1
17/4
NEW DELHI, APRIL 16. The Congress today demanded criminal proceedings against those culpable in the Tehelka tapes and setting up of a Joint Parliamentary Committee (JPC) "to look into all aspects of the expose" as a pre-condition to breaking the stalemate in Parliament. Briefing newsmen after a late night high-level meeting, the party spokesperson, Mr. Jaipal Reddy, said the Congress had shown a way out of the impasse and now it was for the Government to respond.

The late night formulation marked a change from the position the party adopted earlier in the day. At the Business Advisory Committee (BAC) meeting in the evening and even at its press briefing, the party had demanded a clarification on the Government's move to refer the charges levelled against the Congress president to the CBI, besides demanding criminal action

against Mr. Bangaru Laxman, Ms. Jaya Jaitly and Mr. R.K. Jain. Explaining the change in stand, Mr. Jaipal Reddy said his party had chosen to deal with the main issue (the Tehelka) first as the Government's decision to refer charges against the Congress president to the CBI was a fallout of the main issue. "We have chosen to deal with first things first," Mr. Reddy said. In a statement made available to the media after the PAC meeting the party put the responsibility of the continuing impasse in parliament on the Government. "Had they allowed the law of the land to take its course, the impasse in Parliament could have been resolved as the bonafides of the Government would have been established," said the statement.

Though both Houses of Parliament were adjourned for the day after paying obituary references to the former Deputy Prime Minister Devi Lal, the tough stand by the Congress on

the issue was evident at the all-party meeting convened by the Speaker, Mr. G.M.C. Balayogi and later at the meeting of the Business Advisory committee. At the Speaker's meeting this morning the party rejected the suggestion that the general budget and the Railway budget be passed before the end of the month after which Parliament would adjourn till May 10 and then take up other contentious issues.

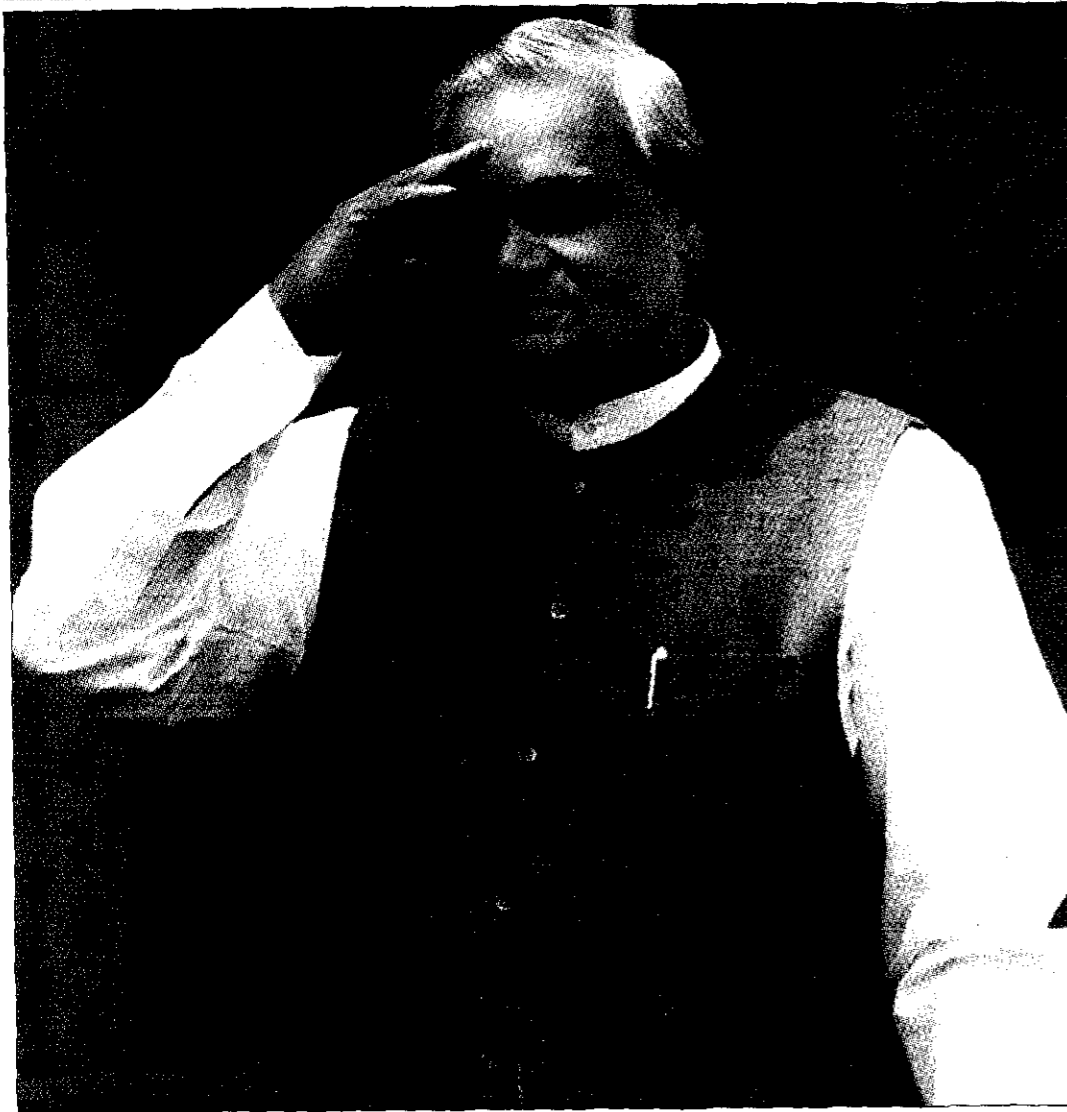
The Congress appeared exercised over what it perceived was the Government's attempt to malign it, particularly its leader, Ms. Sonia Gandhi, on the allegations made by Dr. Subramanian Swamy against her. The party has taken exception to the fact that charges, which it termed 'abominable and incredibly absurd,' were passed on to the CBI with alacrity while the Government had still not acted on its demand for action against Mr. Bangaru Laxman, Ms. Jaya Jaitly, etc.

THE HINDU

17 APR 2005

Give-and-take hope for House

ESCAPE FROM THE HEAT IN SIGHT



AB Vajpayee outside Parliament. (Reuters)

Cong ready for JPC, Atal to clear Sonia air

FROM KAY BENEDICT AND
RASHEED KIDWAI

New Delhi, April 16: Prospects of a truce in Parliament brightened tonight with the Congress and the government inching closer to an unofficial deal.

If the undeclared understanding crystallises into a quid pro quo agreement, the government is expected to set up a joint parliamentary committee (JPC) to look into the Tehelka exposé.

As part of the pact, Prime Minister Atal Bihari Vajpayee will clarify that the government has no intention to probe the charges levelled against Congress president Sonia Gandhi by Subramanian Swamy.

As an early-summer downpour cooled the capital, the first signs of a respite for Parliament, too, emerged. Test-firing the first part of the deal late tonight, the Congress said it would allow smooth functioning of the House if the government formed a JPC and took action against those "seen as culpable" in the video evidence.

The Congress' demand marks a somersault as the party had turned down the government's repeated offers to set up a JPC last month when the Tehelka tremors paralysed Parliament for seven consecutive days.

The Congress, which has been insisting on Vajpayee's resignation, was forced to climb down as it was isolated in the Opposition camp. The government also put the party on the defensive by referring to the CBI a letter sent by Swamy to the Prime Minister on March 12, detailing a string of charges against Sonia.

The Congress turnaround was announced by Congress spokes-

person Jaipal Reddy, who had categorically stated a few hours earlier that the party would stall the House tomorrow and that its position on the government's resignation remained unchanged. The party said it would not relent unless the government stopped the "naked vendetta".

However, late in the night, Reddy said: "To break the impasse in Parliament, even at this stage, we call upon the government to set the law in motion against all those seen as culpable on the Tehelka tapes and agree to the setting up of a JPC to look into all aspects of the exposé."

Asked whether the government's resignation was no longer a condition, Reddy said that for transacting business in Parliament, "this is our proactive initiative to break the deadlock". He, however, said the Congress continued to maintain that the government has lost the moral right to continue in office.

The Congress began the day in a pugnacious mood, rejecting a proposal to reschedule the rest of the budget session to let MPs campaign for next month's Assembly elections. Over 200 MPs are expected to be away electioneering in five states.

The CPM and a few others welcomed the plan as their interest in the Tehelka issue has waned and the BJP is not their main enemy in the states going to the polls. The Congress, however, feared that the reschedule proposal was sprung by the government to buy time to bury the Tehelka issue and allow the CBI to go ahead with the probe against Sonia.

Sources said Nationalist Congress Party leader Sharad Pawar, a restive ally of the Congress in Maharashtra, mooted the proposal for rescheduling the session.

The suggestion was to adjourn the House on April 28 and go in for a recess till May 14. Sources said the government was not averse to the idea, provided the House cleared crucial legislative business, like the Finance Bill and the railway budget, before the recess.

Before Parliament was adjourned today as a mark of respect to former deputy Prime Minister Devi Lal, who died last week, Lok Sabha Speaker G.M.C. Balayogi convened an all-party meeting to resolve the standoff, but in vain.

However, most Opposition parties, barring the Rashtriya Janata Dal, were not vociferous in supporting the Congress demands and spoke in favour of smooth running of the House.

In the evening, a meeting of the Business Advisory Committee was convened, but it, too, failed. Soon after, the political affairs committee of the Congress met.

However, both sides are learnt to have made moves behind the scenes after that and floated the compromise formula.

Before the initiative came, Reddy had lambasted the government for adopting "dubious and diversionary" tactics. He said the government was speaking in different voices.

"We are pained to note that the Prime Minister has chosen to operate at the same level of maturity, responsibility and probity as that of Swamy," the Congress spokesman said. He added that the party could not be "lured by his (Vajpayee's) carrots and frightened by his stick".

The Congress said instead of taking legal action against those who figured in the "video", the government has launched a "witch-hunt" against the leader of the Opposition.

THE TELEGRAPH

17 APR 2001

PM will talk to Sonia on House impasse

HT Correspondent
Lucknow, April 15

ATL BIHARI Vajpayee today said he would talk to Sonia Gandhi to end the post-tehelka deadlock, but made it clear that his Government had no plans to seek a trust motion in Parliament.

Daring the Opposition to a no-confidence motion, the Prime Minister said: "Let them bring a no-confidence motion, we will face it boldly."

On whether he would talk to Sonia even after his efforts to break the deadlock by convening an all-party meeting had failed, he said: "I had spoken to her from Iran and also after my return. I will persuade her again to let the House function. My Government is willing to hold a discussion and debate on any issue on the floor of the House."

"I will request her to fulfil her responsibilities as Leader of the Opposition. I have also been the Leader of Opposition but never

CONG STRATEGY MEET

THE POLITICAL Affairs Committee of the Congress Parliamentary Party will meet on Monday to finalise its strategy and the issues to be taken up during the second phase of the Budget session. PTI, New Delhi

behaved like this."

He denied his Government had ordered any CBI probe against the Congress president. "Subramaniam Swamy's letter has been referred by Vasundara Raje Scindia for preliminary scrutiny, after which a decision will be taken about any inquiry."

Later, addressing his first post-tehelka rally at Laxman Mela Park here, Vajpayee looked subdued even as he launched a scathing attack on the Opposition for playing a "negative role" and trying to "destabilise" the country. He said corruption was a national disease that needs to be eradicated, an effort that

would require the Opposition's support. "But they oppose for the sake of opposition," he said, adding that a consensus would have to be evolved on various issues to fight corruption.

The Prime Minister said the inquiry into tehelka tapes would cover the PMO as well as the people behind the "conspiracy". He admitted that the share market turmoil was both a systemic and a management failure and the Government might introduce a legislation to regulate and monitor non-banking financial corporations. "The draft of the Bill is ready. Moreover, SEBI will be given more teeth."

George targets Hinduja: George Fernandes said at the rally the tehelka tapes were a "fabrication" and the Hinduja were behind the "conspiracy". Had those behind the tapes been sincere about national security, they would have brought it to Vajpayee's notice instead of making it public, adds PTI.

THE HINDUSTAN TIMES

16 APR 2001

Scam 2001: Many questions still remain unanswered



Cheques & Balances

SUCHETA DALAL

FOR over five years, stock exchanges have been gloating about how the Indian capital market has caught up with the developed world. We have heard endless paeans to the efficiency of automated systems, margining methods, corporate brokerage firms, capital adequacy norms, trade guarantees, on-line surveillance systems, depositories and paperless trading. We were told that the system was now completely safe and constantly monitored. It required only Ketan Parekh, a one-man-destruction-squad to shatter the illusion. An image which was carefully built by Bombay Stock Exchange (BSE) President Anand Rathi, through the steady stream of VIP visitors, listing ceremonies and other gimmicks.

Rathi even spoke about linking up with the London and New York Stock Exchanges to be part of the global market system. When the bubble burst in the middle of March, Ketan Parekh was not the only one in the dock. Anand Rathi himself stood charged with insider trading and the First firm to be granted 'deemed FIJ' status was under a cloud. Yet, many aspects of the market manipulation continue to remain under wraps because stock exchange officials are scared and tight-lipped. Some details may indeed find their way

into the Securities and Exchange Board of India's (SEBI) investigation report which is due today; but many questions could remain unanswered because nobody wants a serious probe.

For instance:

- ◆ Cheques as margin: Payment problems at Kolkata were settled under the direct supervision of the SEBI by the simple expedient of capping 'collusive' trades, invoking bank guarantees and selectively holding back payout. SEBI also sacked the broker-directors of the Calcutta Stock Exchange (CSE). But will someone now tell us what happened to the Rs 500 crore trade guarantee claimed by the exchange in the beginning of March? According to reliable sources, the guarantee shrank to a meagre Rs 78 crore or so, because the bourse had followed the shocking practice of collecting post-dated cheques as margin payment and was stuck with fast depreciating HFCL shares as margin money. When problems surfaced, these cheques were not worth their piper. Will someone be punished for endangering the market through laxity and gross negligence or will the problem be buried like the CSE's inspection reports?

- ◆ Under-reporting carry-forward trades: Another problem that is being suppressed is the obfuscation of carry-forward trades. Investigations into the payment crisis show that brokers may have been under-reporting carry-forward deals to the extent of Rs 800 crore. They have been netting off sale and purchase positions of clients within their firms and only carrying-forward the balance. Of-

ten, they have collected margins from buyers and sellers and invested the money in vyaj badla. They have also issued contract notes to clients suggesting that the funds were deployed in the official carry-forward mechanism, which is covered by the trade guarantee. In fact, these contract notes were simply generated in the brokers' offices. As long as the market was booming, investors were paid regularly and remained ignorant of the mischief. It is only after the crises that some brokers either refused to pay or simply went belly-up.

- ◆ Misuse of broker pool accounts: Under the share depository system, the payout of shares is first credited to broker pool-accounts and later transferred to clients. This procedure is identical to that under the physical delivery system. However, after the payment crisis in March, several clients found that their trusted brokers had raided the broker pool accounts to meet their own market liabilities. The extent of such misuse has not been quantified nor has an inquiry been ordered. At the same time, brokers have suppressed investor complaints by promising to repay investors only if they keep quiet.

- ◆ Stock Holding Corporation of India Ltd (SHCIL): There have been frequent allegations

about the misuse of SHCIL's schemes offering cash against payout or lending of shares, which were launched to impart liquidity into the system. SHCIL on its part has strongly denied such allegations. However, its fracas with Industrial Bank over the DSO Industries shares indicates that at the very least, SHCIL has been extremely naive in its choice of clients and the shares eligible for its schemes. So far, SEBI has merely asked SHCIL to provide details of its transactions instead of ordering an independent inquiry.

- ◆ On May 4, 1992, the then Finance Minister, Dr Manmohan Singh in his statement to the Rajya Sabha had referred to a meeting with stock exchange Presidents. At that meeting he had impressed upon bourses the need to take urgent steps in the following areas - capital adequacy norms for brokers, uniform trading hours, faster clearance and settlement of transactions, increasing corporate membership and checking insider trading and price rigging. Three of these five areas have been addressed, while two others have been ignored for nine years and have played an important role in the present crisis too.

- ◆ Uniform trading hours would include uniform accounting periods in the context of automated

nationwide trading systems. However, the smaller exchanges including Kolkata have resisted such a move because it would kill liquidity generated through arbitrage deals; SEBI has not pressed the issue. According to stock exchange officials, it is the roll-over of trades from one bourse to another which camouflaged the massive manipulation and price rigging in stocks such as Cyberspace Infosys and Amara Raja Batteries.

Insider trading and price rigging are two other areas where SEBI is squarely responsible. It refused to react to the Ketan Parekh's blatant manipulation and has also failed to check insider trading. Almost every major takeover deal announced over the last year has been preceded by a sudden spurt in share prices and trading volumes. Nonetheless, except for a couple of investigations announced recently, SEBI has been unable to nail a single instance of insider trading. While it is all very well to blame SEBI for regulatory lapses, the broking community is aware that it will have to pay the biggest price for the bull-ramping as well as the bear hammering, in terms of loss of credibility.

Scam 2001 shows that the rouge brokers were aided and abetted by scores of greedy and unscrupulous ones. The clean up which is bound to follow will not be restricted to sacking broker directors from stock exchange boards - there is also a demand to put an end to broker Depository Participants (DPS). The more difficult task, however, would be to clean up the system and rebuild lost credibility.

Author's email: suchetadatal@yahoo.com

INDIAN EXPRESS

15 APR 2001

Vajpayee rules out CBI probe against Sonia

HT Correspondent & PTI
New Delhi, April 14

AN ALL-PARTY meeting convened to break the Parliament deadlock over the tehelka issue was marred by a Congress boycott in protest against a "witch-hunt" against party president Sonia Gandhi.

But Vajpayee said there was no question of an inquiry into Janata Party leader Subramanian Swamy's charges against Sonia. He said the CBI had received the letter containing the allegations as a "routine matter" but the agency had not even taken a prima facie cognisance of the letter.

Earlier in the day, Manmohan Singh and Madhavrao Scindia announced the party's decision to stay away from the meeting at a press conference here.

The allegations against Sonia were "frivolous and baseless". "The party cannot cooperate with such a Government, Singh said.

They said the decision on Swamy's charges was an attempt to "indulge in a witch-hunt" using the CBI to promote its partisan objectives. "It is unacceptable that the CBI should be used as an instrument of intimidation and persecution of the Congress and its leaders," said one of them.

Related reports and photograph
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THE HINDUSTAN TIMES

15 APR 2001

15 APR 2001

Corrupt Customs, excise officials may be in trouble

SHIVNATH JHA
STATESMAN NEWS SERVICE.

NEW DELHI, April, 14 — On the basis of statements of Ms Bhavna Pandey, who was arrested along with Mr BP Verma, former CBEC chief, the CBI is likely to forward to the finance ministry a list of Customs and excise officials who had traded transfers and promotions for bribes.

The bribes Ms Pandey got ranged from Rs 2 lakh to Rs 5 lakh, agency officials interrogating Ms Pandey said.

"The agency has identified over 70 central excise and Customs officials, from the rank of inspector to assistant collector, who had paid bribes to Ms Pandey, a conduit for Verma, to get choice postings," a source said. She used to get a "good amount" from Mr Verma.

During the 31 March raid at Ms Pandey's flat in Delhi, CBI sleuths had seized, among other documents, a diary containing names and designations of some officials who were promoted or transferred. "Some of them were in the waiting list. They had paid a major portion of amount to her," an official said.

Besides Ms Pandey, known

as *bhabhiji* among CBCE and finance ministry officials, four other accused, arrested by the CBI, were remanded in judicial custody till 16 April. They include Mr Verma's son, Siddharth, and his business partner, Mr Rajeev Sharma.

The other two Chennai-based accused, K Vijay Pratap and Sravan Kumar, are in judicial custody till 23 April. Mr Verma, his son and Ms Pandey were arrested here on 2 April.

An official said: "Documents seized from the houses of Mr Verma and Ms Pandey revealed assets worth more than Rs 1 crore. The possibility of further assets being revealed can't be ruled out as the agency is yet to find out their investments in various business establishments."

Documents seized by the agency reveal that Mr Verma and Ms Pandey have invested a good amount in top business establishments, especially in Chennai and Mumbai.

CBI sources said the suspended CBEC chief has not revealed anything to the investigators so far.

Officials said Mr SP Singh, chief commissioner of central excise, who too was working as Mr Verma's conduit, had demanded a bribe of Rs 25 lakh from a Hyderabad-based

company in exchange of 'some favour'.

Mr Verma had asked "his man" to go to Hyderabad to collect the money. "However, Singh flew to Delhi with Rs 1 lakh to give it to one of his political mentors," an official said. "We're also trying to find out which leaders had close links with Verma and his conduits."

A CBI official said: "The duty magistrate has remanded them in judicial custody. We hoped they would be in CBI's remand till they are produced before the special CBI judge, Mr ML Chugh, on Monday."

Though the agency had pleaded that further police remand be given to Mr Verma, the duty magistrate directed the Tihar jail authorities to provide proper medical treatment to him. He was brought to the court in a wheel chair.

Earlier, the agency had alleged that Mr Sharma had accepted Rs 2 lakh from Vijay Pratap on behalf of Mr Verma for favouring a Chennai-based company M/s AK Enterprises.

Mr Verma and other co-accused were charged under Section 13 1(d) read with 13(2) of the Prevention of Corruption Act and 120-b IPC (criminal conspiracy).

THE STATESMAN

APR 15 1994

Remarks of Jayalalitha's counsel upset judge

By Our Special Correspondent

CHENNAI, APRIL 12. A statement by counsel for the AIADMK general secretary, Ms. Jayalalitha, that no clarification was needed from the court on yesterday's order dismissing her plea for suspension of the conviction in TANSI land deal cases, led to an anti-climax in the Madras High Court today.

However, the statement irked the judge, Mr. Justice Malai Subramanian, who told counsel: "Do not play with the court".

Though the judge had dismissed Ms. Jayalalitha's

the court, counsel for Ms. Jayalalitha said he did not require any clarification and sought issue of a copy of the order.

This provoked the judge into saying, "you have gathered such a big crowd here and now say this. I had ordered issue of the copy yesterday itself, but you did not care. You wanted a clarification and now you say it is not required. Don't play with the court." The judge directed the issue of the order copy today.

On behalf of the prosecution, no point was raised. The Public Prosecutor, Mr. R. Shanmugasundaram, said the two sides, on a request from Ms. Jayalalitha's counsel, met the judge last evening. Though Ms. Jayalalitha's counsel wanted some clarification, he did not specify what exactly he wanted clarified.

Meanwhile, Mr. Shanmugasundaram said he had advised the State Government to file a caveat before the Supreme Court in case Ms. Jayalalitha prefers an appeal before the apex court seeking suspension of the conviction. However, AIADMK circles discount the possibility of Ms. Jayalalitha going on appeal against the High Court order.

T.N. Govt. files caveat in S.C.

NEW DELHI, APRIL 12 The Tamil Nadu Government today filed a caveat in the Supreme Court in connection with any Special Leave Petition, the AIADMK general secretary, Ms. Jayalalitha, may file in the court on her eligibility to contest the Assembly polls.

The State Government's action assumes significance in the context of yesterday's Madras High Court order dismissing her pleas for staying of her conviction in two TANSI land cases but observing that she faced no disqualification in contesting the polls.

As interpretations varied about the Madras High Court order, Ms. Jayalalitha's counsel withdrew an application seeking clarification by Justice Mr. Malai Subramanian of his yesterday's order. One of her counsels also flew to Delhi sparking speculations that Ms. Jayalalitha may move the apex court in this regard. — PTI

plea, he had observed that in his view she faced no disqualification from contesting the election under Section 8 (3) of the Representation of the People Act as the sentence of imprisonment against her had already been suspended and that the sentence and conviction were inseparable. This had given rise to various interpretations and, in fact, counsel for Ms. Jayalalitha yesterday had sought a clarification from the judge, who posted the matter for today.

But amid expectations from a large gathering in

EC declines comment

By Our Special Correspondent

NEW DELHI, APRIL 12. The Election Commission today declined to make any comment on the Madras High Court judgment on the AIADMK leader, Ms. Jayalalitha's petition seeking suspension of her conviction in the TANSI land deal cases. The Chief Election Commissioner, Dr. M. S. Gill, declined to comment on the judgment. Highly-placed Commission sources said the poll panel would first like to get the copy of the verdict. The outcome of the legal proceedings would decide if Ms. Jayalalitha would be able to contest the May 10 Assembly polls in Tamil Nadu.

Sources indicated that the three-member panel could meet in a day or two to discuss the judgment and its implications.

Speculation over MPs' visit

PTI reports:

Two AIADMK MPs, Mr. T. T. V. Dinakaran and Mr. Thalavai Sundaram today went to the Election Commission office here fuelling speculation that a petition may be filed on the issue of eligibility of the AIADMK leader, Ms. Jayalalitha, to contest the coming assembly polls. "We have come to buy some books from the Commission," they told reporters.

All-party meet tomorrow

By Our Special Correspondent

NEW DELHI, APRIL 12. The Prime Minister, Mr A.B. Vajpayee, has called an all-party meeting here on Saturday in an attempt to end the stalemate over the Tehelka expose in Parliament which resumes sitting after a three-week recess on April 16.

The decision to hold such a meeting was taken when the leaders of the National Democratic Alli-

ance (NDA) met this Monday. In the first part of the Budget session both Houses were adjourned for 10 days before the Parliament went into recess over the Tehelka tapes. Both the NDA and the Congress then planned to take the issue to the people through rallies. However, differences cropped up among the NDA allies — the Shiv Sena and the Janata Dal (United) — which stayed away from the public meetings.

THE HINDU

13 APR 2001

Ajit Jogi pleads innocence in petrol pump allotment case

The Times of India News Service

RAIPUR: Pleading innocence in the petrol pump allotment case, Chhatisgarh chief minister Ajit Jogi on Thursday charged vested interests from his own state with attempting his character assassination by planting "such baseless stories" in the national press.

In a long statement, he informed the state assembly that he had done nothing wrong in applying for a petrol pump in New Delhi in 1996 and claimed he had not given any false information in his affidavit.

Mr Jogi, who was virtually in tears, told the House that he had applied for a petrol pump in the name of his wife as his term in the Rajya Sabha was ending and he wished to lead an honest life after his retirement.

He said: "I went through the process which other applicants went through. Like other candidates, I too faced the interview board for 20-25 minutes."

The CM said he had turned down the offer of the then petroleum minister, Satish Sharma, whom he described as a personal friend, for a petrol pump from the minister's discretionary quota. Mr Sharma had obliged many MPs from both the Congress and the BJP from his discretionary quota.

"But I rejected his suggestion and filled a 60-page-long application like other common applicants. My papers were scrutinised at least twice by the Oil Selection Board

and the IOC. They did not find anything wrong with the papers. The members of the interview board were impressed with my bio-data — a bachelor in engineering, a tribal, a former IAS officer."

According to Mr Jogi, an MP or an MLA was not a government servant. "I had told the board that the total income of my wife and from farms was not more than Rs 50,000 per annum. The Rajya Sabha gave me an income certificate. Allowances of the MPs are not included in the income, only salary is counted," he pointed out.

The CM said he was allotted the petrol pump in a prime location of the capital. But some officials of the oil company met him and told him that he could not run the petrol pump as an honest business. "You will have to adulterate the petroleum products to earn a profit," he quoted as telling him. Mr Jogi said this made him realise the folly of entering into the business and he decided to return the allotment order instantly.

"The oil officials advised me against returning the allotment order as it could be sold to a dealer for Rs 50 lakh. Since I wanted to remain honest, I refused to run the pump," Mr Jogi said.

He regretted that the newspapers had based the entire story on "prapt jankari ke adhar par (according to available information)", and not on the basis of any authentic document or the official statement.

THE TIMES OF INDIA

9 2 APR 1997

The anatomy of corruption

By K. T. Thomas

HD-12 19/4

NO ONE has really defined the word "corruption" because it is not possible to contain all its ramifications within a definition. Blacks Law Dictionary says "corruption" is an act done with an intent to give some advantage inconsistent with official duty and the rights of others. But this definition seems too insufficient because if a public servant is doing an act in accordance with the law for which he is taking a bribe that also is an act of corruption. The same dictionary further says that corruption can be "the act of an official or fiduciary person who unlawfully and wrongfully uses his station or office to procure some benefit for himself or for any other person, contrary to duty and the rights of others". Even this definition is not exhaustive enough to encompass the ever-stretching tentacles of the octopus of corruption. Today, we have become insensitive to corruption. Even after the courts declare a person to have committed acts of corruption he goes to the polls and gets elected, sometimes with a larger majority. Corruption is not regarded as a serious matter because incorruptible public servants have become a rarity in India.

The dimensions to which corruption has grown today show the magnitude of the danger ahead. Corruption leads to criminalisation, to the narcotics trade and to terrorist organisations. India has fallen into the vortex of corruption to such a depth that no one can suggest a full solution. The only solace I had was when I read a news item that a study by a society called Transparency International found India the tenth most corrupt country in the world — that there are nine other countries more corrupt than India. When we speak of corruption we immediately see the bribe-taking public servant. The Prevention of Corruption Act deals only with such persons and perhaps those who associate with them. Our problems with corruption are even more deep-rooted than what this Act can check. You can start from the beginning. Every child is trained to believe that payment of money is necessary even to please the gods. When a child is to appear for an examination, first he is taken to places of worship and asked to pay money

to the gods for success. When he passes the examination, the belief grows that the gods were happy with what you paid. If he does not pass, he may pay more on the next occasion and, if he succeeds, he is convinced that the amount paid on the previous occasion was not enough to satisfy the gods.

When you try for admission in higher classes those who run educational institutions demand that you pay "donation". Such payment has now become a condi-

The tragedy of our republic was that corrupt politicians encouraged public servants to become corrupt.

tion for getting admission in educational institutions. Donation earlier was made voluntarily for a good cause and without anything in return. Now donation is another word for bribery in the field of education. It is actually the purchase price of admission. The honest man's son has to stand at the gate while the dishonest man's son gains admission. This is the message going around even among the students. The practical lesson as imparted by educational institutions is that honesty does not pay.

It is corruption among public servants which people speak about invariably when the subject is deliberated upon. There are three broad categories of public servants so far as the subject is concerned. The first category consists of the honest officers. They are honest because of their conviction that dishonesty is unethical. The next category comprises those who are inclined to corruption, but for fear of consequences they restrain themselves, although occasionally they receive bribes. The third category consists of those rashly corrupt public servants.

There was a time in India, perhaps till five years ago, when the second category and the third category were amalgamated into one. This deterioration was the result of a feeling that there was nothing to fear. Though that situation has not completely disappeared, it is fortunately waning bit by bit. The misfortune of this country during

the said period was that the first category was persecuted for being honest. Their higherups found them a real hindrance. They were targeted with concocted charges and subjected to ordeals. Hence, they started thinking about the wisdom of being incorruptible. Eventually they thought of saving themselves from persecution. For their very existence they were compelled to take bribes.

This pathetic deterioration of the first category was mainly on account of the po-

litical corruption. Such politicians became the bosses of the public servants. They expected everyone to be corrupt so that a share of the booty would be siphoned off to them. The tragedy of our republic was that corrupt politicians encouraged public servants to become corrupt.

Fortunately, the last five years have shown some improvement in the first and second categories. This marginal improvement is mainly due to the operation of the Prevention of Corruption Act. Certain salient features of that legislation have made an impact. The first feature is that the burden of proving that the money collected was not for illegal gratification is now on the public servant who is accused of the offence. Second, the minimum punishment of rigorous imprisonment for one year is now made inviolable. Third, the provision penalising a public servant for having assets disproportionate to known sources of income is being applied more and more in recent times. Fourth, the power of superior courts to stay trial proceedings has been taken away by Parliament. Fifth, no irregularity in the sanction would affect the validity of the prosecution proceedings.

Some of the other decisions rendered recently by the Supreme Court have also made the position of persons accused in corruption cases more and more difficult. One such decision approved the arraying of non-public servants also along with cor-

rupt officers if they are shown to have assisted in corrupt deals. However, even this slight improvement in the scenario can again deteriorate when political corruption increases. This means political corruption and corruption among public servants are complementary.

The political scenario in India now shows persons who acquire huge assets through means which are ethically questionable and kept in great secrecy acting as brokers of political power who can make or break Governments. There is no legal provision now to deal with such power brokers. Assets for such persons during a short interval multiply several fold. They have no ostensible sources of income except some minor positions in the offices of political parties. The assets acquired by them are *prima facie* ill-gotten. As they hold no office either in the Government or in the Legislature or in any other instrumentality, there is no law in India which can deal with such persons. Lawmakers must consider how to bring in a law to deal with such persons.

The expensive elections are a major cause for political corruption. In India, unfortunately, elections are not confined to once in five years. Mr. B. K. Nehru, a former diplomat who was also a former Governor of Jammu and Kashmir, had made certain suggestions which are worth considering. Their implementation may help drastically reduce the cost of elections for candidates which in turn could reduce the craving to collect money. The suggestions are certainly worth deliberating upon.

A Chinese proverb goes: "Riches are like salt water. The more you drink it the more you thirst for it." The craving for bribe-taking is the offshoot of a lack of basic civic sense. A person is worthy to be called a citizen, only if he has the basic vision of civic responsibilities. No doubt, everyone has selfishness but that primary instinct is a controllable instinct. The level of your civilization is the level up to which you succeed in controlling such primitive instinct.

(The writer is a Supreme Court Judge and the article is based on a talk he delivered recently).

THE HINDU

14 APR 2001

Opp reluctant to discuss Tehelka with govt

STATESMAN NEWS SERVICE

NEW DELHI, April 10. — The leaders in the Opposition camp including the Congress, the CPI-M, the Samajwadi Party and the RJD were unresponsive to the NDA's call to hold an all-party meeting to end the deadlock in Parliament over the Tehelka episode.

In fact Opposition parties may adopt disruptive tactics again to keep the Tehelka episode burning when Parliament resumes the budget session after a three-week recess on Monday. The Congress is not committed to the government's efforts to run the remaining days of the current budget session smoothly. Parliament has a heavy agenda of passing the general and rail budgets besides the legislative business listed for the session

which is scheduled to end on 11 May. Although the Opposition leaders are likely to attend the all-party meeting to be held on the eve of 16 April, Mr S Jaipal Reddy said today that his party's strategy would be finalised only at the specially convened meeting of the Political Affairs Committee of the Congress on the morning of 16 April.

The Congress would go by the consensus opinion in the Opposition camp. The CPI-M, the second largest opposition group in Lok Sabha, endorsed this view.

The CPI-M general secretary, Mr Harkishen Singh Surjeet, told **The Statesman** that it was not a small issue and that his party would consult other Opposition leaders including Congress's on how to respond to the deadlock in Parliament.

The RJD and the Samajwadi Party leaders have hinted that they would not be willing partners to bail the government out of the Tehelka web.

When asked specifically if the Congress would allow Parliament to function and whether the party would attend the meeting of all political parties convened by the Prime Minister to thrash out the issue, Mr Reddy was evasive in his reply.

"We have learnt about an all-party meeting only through media reports. Let us first receive the invitation then only we will respond," he said.

But Mr Reddy was quick to react to a remark made by the NDA convenor Mr George Fernandes saying Mrs Sonia Gandhi's rallies would be countered by the NDA.

"The Prime Minister would be responsible for any consequence arising out of Mr Fernandes' threat to the Congress president's participation in anti-Tehelka rallies," Mr Reddy noted.

With elections round the corner the Congress and the CPI-M, having high stakes, are likely to make the Tehelka charges in the defence deals one of its main poll planks even though the BJP is not a front runner in the polls except in Tamil Nadu where the ruling alliance partner the DMK is locked in a direct fight with the AIADMK front led by Miss J Jayalalitha.

"Lowering of political pressure on Tehelka would be risky for the Congress which has decided to focus on national security and the farmers plight as the party's main thrust in its election campaign," a senior party leader said.

ARJUN SINGH DENIES CHARGE

BHOPAL, April 10. — Mr Arjun Singh today dismissed charges that he had masterminded the Tehelka expose on defence deals.

"In fact, I was targeted by *tehelka.com* during the match-fixing investigations. Manoj Prabhakar had come to talk to me and it later turned out that he had a hidden camera. But nothing came out of our conversation," said.

Welcoming investigative journalism with the aid of advanced technology, Mr Singh said although people were aware of what Tehelka has exposed, everything was brought into the open and shown on TV.

He said the charges have questioned the Atal Behari Vajpayee government's credibility and highlighted sensitive issues relating to security.

Mr Singh parried a question asking for his comments on the Tehelka editor, Mr Tarun Tejpal's statement that the expose would have thrown up similar results had the Congress been in power at the Centre. — SNS

THE STATESMAN

11 APR 2001

All-party meeting to end tekelha impasse

HT Correspondent
New Delhi, April 9

THE JD (U)'s absence raised speculations today even as the coordination committee grappled for a strategy to counter the Opposition onslaught on the tehelka issue.

It was decided that Prime Minister Atal Bihari Vajpayee would call an all-party meeting on April 16, before the two Houses reassemble, to break the impasse that had gripped Parliament on the tehelka issue before it went into a three-week recess.

The JD(U) and the TDP were conspicuous by their absence today at the NDA coordination Committee meeting.

Asked if alliance partners were divided on the tehelka issue as some of them had not attended the rallies, convener of NDA coordination committee George Fernandes said, "These stories are spread by our enemies wherever they are. It is a misconception that the NDA is not together."

Speaking on Vajpayee's to-be-held all-party meeting, Fernandes said, "It will be our effort to ensure that Parliament functions normally and many issues of concern to the people are discussed. All parties should sit together and discuss the dates on which specific subjects can be debated."

The NDA's aggressive stand however could not camouflage the BJP's continued flip-flop on the exact focus of rallies it had planned following the tehelka expose.

Even after the Trinamool's exit from the NDA on the issue, the BJP had maintained a brave



ARVIND YADAV/HINDUSTAN TIMES

Prime Minister Atal Bihari Vajpayee with George Fernandes at an NDA meet at the PM's house on Monday.

face and decided that it would go to the people with its version of events.

But its determination wavered when constituents like the Shiv Sena, JD(U) Lok Shakti, and a supporting partner like the TDP distanced themselves from it.

Fernandes said the alliance had decided to continue with its rallies in Bhopal, Raipur and Ranchi before rounding off with a meeting in Lucknow to be addressed by Vajpayee. The Congress demonstration in Mumbai seems to have forced the BJP to take fresh stock of things.

The attempt is thus still on to

get the allies back on the platform. Just a day back, the ruling party came up with the argument that since the Congress had abandoned its tehelka-agitations the NDA's rallies would now focus on the Assembly elections and the Vajpayee Government's achievements.

The coordination committee meeting was attended, among others, by Home Minister I. K. Advani, BJP president Jana Krishnamurthy, Murasoli Maran (DMK), Vaiko (MDMK), Suresh Prabhu (Shiv Sena), Omar Abdullah (NC), O P Chautala (INLD) and S S Dhindsa (Akali Dal).

THE HINDUSTAN TIMES

APR 10 1999

Ketan Parekh's custody extended till April 12

By A Staff Reporter

Sanjay Hadkar

MUMBAI: Special CBI judge A.R. Joshi on Monday extended the custody of stock broker Ketan Parekh, his relative Kartik, chairperson of the Madhavapura Mercantile Co-operative Bank Ramesh Parikh and manager of the bank's Mandvi branch J.B. Pandya till April 12.

Ketan Parekh and Ramesh Parikh were remanded to police custody while the other two accused were sent to judicial custody as per the request of the CBI. Defence counsels of the accused did not object to the CBI request for custody. The bail applications filed on behalf of the accused will be heard on April 12.

The bank security and fraud cell of the CBI had arrested the four in connection with the Rs 137-crore pay order scam. Thirteen pay orders issued by the Madhavapura Bank on March 8 and 9 were discounted by the Bank of India (BoI) and credited into the accounts of Parekh's group companies. However, when BoI sent the pay orders for clearance, RBI returned it due to insufficient funds in the Madhavapura Bank.

CBI investigations revealed that of the defrauded amount, Rs 70 crore had been diverted to Parekh's accounts at Mandvi branch of the Madhavapura Bank, Rs 12 crore to Global Trust Bank, Rs 32 crore to different share brokers and Rs 30 crore to other parties.

Speaking about Pandya's role, special public prosecutor told the court that the pay orders had been "unauthorisedly and fraudulently issued by him." The prosecutor further told the court that Pandya had been pressured into do so by Ramesh Parikh.

According to the remand application, Ketan Parekh had confirmed that he had spoken to Parikh and Devendra Pandya,



Stockbroker Ketan Parekh (in glasses) is taken out of the sessions court in Mumbai where he was produced in connection with the Rs 137-crore pay orders scam by CBI officials on Monday.

managing director of the bank, for "unauthorisedly and fraudulently accommodating him" so as to come out of the payment crisis he was in. But the CBI told the court that the bank officials, denying their involvement, had instead blamed each other. The CBI is on the lookout for Devendra Pandya.

The prosecutor told the court that there was a nexus between Ramesh Parikh and Ketan Parekh. "Parikh is directly connected and controls Madhur Shares and Stock Pvt Ltd, a broker company of the Ahmedabad Stock Exchange and there are transactions running to

the tune of Rs 300 crore - Rs 400 crore involving shares and stocks with certain companies of Ketan Parekh. Parikh also runs another company, Madhur Food Products Ltd, which had come out with a public issue. Thus, there is a definite criminal nexus between Ketan Parekh, Ramesh Parikh and J.B. Pandya which needs to be probed," the remand application stated.

Ramesh Parikh's counsel told the court that his client was the honorary chairperson of the bank and, thus, not involved in the daily affairs of the bank. The counsel claimed that besides earning com-

mission from Ketan Parekh for brokering services, Parikh was in no way connected with the former's group companies and had not received any money. He further noted that Parikh had not sanctioned any proposal in favour of Ketan's group companies.

However, according to the CBI, Kartik Parekh had been actively assisting and abetting Ketan Parekh in his capacity as director of various group companies of the latter and thus siphoning off public funds. Kartik reportedly told the CBI that he had committed all the misdeeds at the instance of Ketan Parekh.

THE TIMES OF INDIA

10 APR 2001

~~MORE NDA RALLIES AGAINST CONG. CAMPAIGN~~

All-party meet planned on Tehelka impasse

By Neena Vyas

NEW DELHI, APRIL 9. The meeting of the National Democratic Alliance leaders today decided on a two-pronged strategy to sharpen the attack on the Congress president, Ms. Sonia Gandhi, and her erstwhile private secretary, Mr. Vincent George, through more rallies while trying to engage the Opposition parties through an all-party meeting to end the stalemate in Parliament.

Later in a virtual warning to the Congress, the NDA convener, Mr. George Fernandes, said the NDA had taken note of the "low-level" campaign of the main Opposition party, especially against the Prime Minister, Mr. Atal Behari Vajpayee, and if the party did not stop this the NDA would also start a campaign specifically targeting the Congress president and organise "similar demonstrations against her wherever she went". The reference was perhaps to Mr. Vajpayee's Mumbai visit yesterday where he was met with a black flag demonstration organised by the Congress.

Virtual warning

While not spelling out how the Congress attack was "low-level" or "obscene" or was "hitting below the belt," Mr. Fernandes warned the party to be prepared to receive what it had been giving to the NDA.

Besides, the meeting discussed the stalemate seen in Parliament towards the end of the first part of the budget session, and the Prime Minister indicated that he would like to call an all-party meeting immediately before the start of the next part of the budget session in a bid to end the deadlock. Another meeting of the NDA would be held before April 16 when the current recess in the Budget session ends.

Almost all the NDA leaders bar-



The Prime Minister, Mr. A. B. Vajpayee, presiding over the NDA meeting in New Delhi, on Monday. He is flanked by the Home Minister, Mr. L. K. Advani, and the former Defence Minister, Mr. George Fernandes. — Photo: V. Sudershan

ring Mr. Sharad Yadav of the Janata Dal (United) and Mr. Ram Vilas Paswan of the Lok Janashakti were present. Their absence was explained away by citing pressing engagements elsewhere.

Mr. Fernandes denied that some of the allies were not interested in going around the country defending the government (and him) in the aftermath of the Tehelka disclosures.

Instead, he said it was for Ms. Gandhi to explain how Mr. George had amassed so much wealth completely disproportionate to his legitimate earnings. The NDA had decided "to focus" on this.

It was also decided that the Prime Minister's Lucknow "kisan rally" would be held as scheduled on April 15, and other rallies would be held in Raipur, Ranchi and Bhopal.

However, no date had yet been fixed for the Bhubaneswar rally announced at the last NDA meeting.

It was indicated by a senior BJP leader that the Prime Minister

would not attend the rallies in Raipur, Ranchi and Bhopal, and once the Parliament session began, Mr. L. K. Advani, Union Home Minister, may also find it difficult to participate. Besides, much would depend on the Liberhan Commission hearings where Mr. Advani is to appear tomorrow.

The Haryana Chief Minister, Mr. Om Prakash Chautala, may be preoccupied with the remaining rituals relating to his father's recent death.

Besides Mr. Vajpayee, Mr. Advani and Mr. Fernandes, among those present were Mr. Jana Krishnamurthi (BJP), Mr. Murasoli Maran (DMK), Mr. Vaiko (MDMK), Mr. Suresh Prabhu (Shiv Sena), Mr. Omar Abdullah (National Conference), Mr. Chautala (Indian National Lok Dal), and Mr. S. S. Dhindsa (Akali Dal).

Loyal to NDA: Vaiko

Mr. Vaiko used the occasion to reassert his continued loyalty to the NDA, notwithstanding his exchanges bordering on the abusive with the DMK in Tamil Nadu.

THE HINDU

10 APR 2001

Jayalalitha's plea opposed

By Our Special Correspondent

10/4
CHENNAI, APRIL 9. Senior counsel for the Tamil Nadu Government today vehemently opposed the former Chief Minister, Ms. Jayalalitha's plea before the High Court for suspension of her conviction in the TANSI land deal cases, even as her counsel contended that the High Court had the power to allow her plea to enable her contest the elections.

The Government submitted that the spirit of the Representation of the People Act in providing disqualification clauses was that persons convicted *criminally should not be allowed to contest in polls or rule over the people.* In October last, a special court in Chennai had convicted Ms. Jayalalitha and sentenced her to two years and three years in two TANSI cases. On appeal, the High Court suspended the sentences and granted her bail. She has now filed petitions seeking to suspend the conviction, to enable her contest the coming elections.

Arguing before Mr. Justice Malai Subramanian, senior counsel for Ms. Jayalalitha, Mr. P.P. Rao, quoted *Supreme Court and High Court orders showing that courts had the power to suspend the conviction under the Cr.P.C., especially when the damage that one would suffer would be irreversible in case he or she succeeded in the appeal at a later date.*

In the R.P. Act itself, a difference had been made in respect of conviction under different offences that could lead to disqualification. These clauses mentioned grave crimes, but not the Prevention of Corruption Act, under which she was sentenced. In the case of elected MLAs/MPs, the disqualification would not operate, if they filed an appeal against a conviction within three months. Also under Sec.11 of

R.P. Act, the EC had power to remove or reduce the disqualification period.

Counsel claimed that if her plea was allowed now she could contest the election and get elected. Even if she failed in the appeal later, all she would lose was her seat. The people should not be prevented from giving their verdict on the charges too. The Bombay High Court had suspended the conviction of a person convicted under the Protection of Civil Rights Act so that he could contest the election. On appeal, the Supreme Court refused to intervene, he said.

Countering the arguments, senior counsel for the Tamil Nadu Government, Mr. N. Natarajan, said the High Court had the power under Sec. 389 of Cr.P.C. to suspend the conviction, but as the Supreme Court had laid out in many cases, this power had to be used sparingly. Moral conduct was an over-riding factor. The court also had to consider the nature of the offence for which she was convicted. The argument of suffering irreversible damage was a consideration, but not the only consideration. The right to stand for elections was not a fundamental or a constitutional right, but a statutory right, subject to statutory limitations. The right of a candidate should go with the spirit of the R.P. Act.

Mr. Justice Malai Subramanian sought to know whether the mere suspension of a sentence would not be enough. As per the code, conviction was only a finding and only a sentence could be implemented. Without the force of the sentence, the conviction could lose weight. Mr. Rao said that the R.P. Act had made a difference between the suspension of a sentence and the suspension of a conviction. The arguments would continue on Tuesday.

THE HINDU

10 APR 2001

Spycam now unseats Karnataka PCC chief

Corruption
HT-9
9/9

HT Correspondent
New Delhi, April 7

CLOSE ON the heels of the Vincent George affair, the Congress' tehelka-driven campaign against corruption suffered another major blow today with Karnataka PCC chief V S Koujalagi's resignation over allegations of graft.

The KPCC president's resignation, which Sonia Gandhi has accepted, appears aimed at sparing the party the embarrassment of shielding a leader against whom video-taped evidence was as startling as against the BJP's disgraced Bangaru Laxman.

AICC general secretary Ambika Soni, who confirmed Koujalagi's exit, however called the campaign against him politically motivated.

"In the aftermath of the tehelka expose, the NDA has been deliberately raising politically motivated issues. And this is only one of them," Soni insisted.

She said Koujalagi has resigned to uphold moral values the Congress chief had stressed during the Bangalore AICC session. "He has decided to step down till he is exonerated of the charges." The complaint against Koujalagi, Soni continued, has been before the State Lokayukta for the last three years. "The BJP is deliberately raking up old issues."

In his resignation letter to the Congress president, the KPCC chief termed the charges against him as false and baseless: "I'm resigning to uphold the dignity of the office I hold. I will fight these charges. I hope I will be acquitted

soon." V S Koujalagi was accused of taking bribes from a youth to do him a favour and allegedly caught on video tapes during the act. The alleged incident happened in 1998 when Koujalagi was an MLA. He became PCC chief last year.

Ambika Soni asked what action the BJP had taken against its disgraced former president Bangaru Laxman who was "caught redhanded" while accepting money.

"Has any FIR been filed against Laxman so far?" she asked. In an attempt to turn the tables on the Congress, Karnataka BJP had alleged existence of a video tape which had filmed Koujalagi accepting bribes from a youth to do him a favour.

Koujalagi had described the charge as a "concocted story" aimed at tarnishing the image of the party and its government in the state. Disputing the pictorial evidence published in a daily today, Koujalagi told reporters that it did not point to anything to establish the charge that he took the bribe. Koujalagi had on Thursday dismissed the existence of such a video tape.

He said he had already requested the Lokayukta, which was probing the charge since 1998 to expedite its verdict and bring out the truth.

Asked if it was right to lead Congress rallies planned in the State from next week demanding the resignation of Vajpayee Government on the Tehelka expose given the allegation against him, Koujalagi said his case could not be compared with former BJP president Bangaru Laxman.

THE HINDUSTAN TIMES

8 APR 2001

Benazir's conviction set aside by SC

London, April 6

FORMER PAKISTANI Prime Minister Benazir Bhutto said today that she was setting a date for her return from self-imposed exile in Britain after Pakistan's Supreme Court overturned her conviction for corruption.

The court, earlier in the day, had upheld an appeal by Bhutto and her husband Asif Ali Zardari that their conviction in 1999 for corruption had been politically motivated.

It ordered a retrial, but Bhutto said any attempt to make the convictions stick now would be a "charade."

She said the people of Pakistan wanted her to lead the country again and challenged General Pervez Musharraf to try to convict her in a retrial.

Asked in a TV interview if she would now go back to Pakistan, Bhutto said: "I have called all my colleagues over for a consultation as to setting the date."

"One big hurdle to my return has been removed and it's important for me to go back and be part of the democratic process in my country."

"General Musharraf says I have failed the nation but the people of Pakistan have spoken in the recently held local elections and they have repudiated the General and voted for my party." "I am innocent," she said.

Reuters

THE HINDUSTAN TIMES

7 APR 2001

Tehelka uncovers militant links to Netherlands NGO

Utpal Parashar
Guwahati, April 3

TEHELKA.COM HAS opened yet another can of worms. Dutch NGOs funded by the Dutch government are supporting insurgent outfits in North-east and Bihar, a report on the site claims.

The report claims that the tehelka team is in possession of classified MHA documents that reveal murky details about Dutch NGOs helping North-east and Bihar ultras, with funds provided by the Dutch government. A background paper by the Intelligence Bureau traces the Dutch connection to the post-Cold War situation, when the US did not want its intelligence agencies to be directly involved in the Third World,

and found it useful to fall back on the low-profile Dutch.

"The IB paper cites the fact that the commemorative volume, CIA At 50, has an entire chapter devoted to the CIA's collaboration with the Dutch intelligence agencies. The Americans ostensibly snapped ties with the Dutch intelligence agency, but it seems to be only a camouflage for continuing the covert collaboration," the report states.

According to the IB document, the Dutch involvement with secessionist groups in India began to surface in 1993.

Vijay Kumar Arya of the Bihar-based Maoist Coordination Committee organised an international conference on the "Nationality Question" on February 16-19, 1996 in New Delhi.

Around the same time, the Dutch foreign ministry sponsored a conference on "National Identity and its Crisis".

A more explicit connection between Dutch NGOs and a secessionist group can be traced around the same time. Leo van der Vlist, director, Netherlands Centre for Indigenous People based in the Hague, was coordinating with the Dutch foreign ministry to support the NSCN (IM) and the Ulfa.

The document states the Dutch were instrumental in letting Pakistan nuclear scientist A Q Khan get nuclear data from the URENCO nuclear research laboratory. It was from here that Khan ferreted out "secrets" and slipped them out to Pakistan. Khan used these in the making of Pakistan's nuclear bomb.

THE HINDUSTAN TIMES

20 APR 2004

THREAT TO VITTAL

Aggrieved officers want to silence the CVC

IF the respected Central Vigilance Commissioner, N Vittal has said that the revenue services of the government are the *most corrupt*, the short answer is that he should know. If the Indian Revenue Service are so het up about the comment, it is probably because it is too close to the bone for them to stomach. It is a matter of public knowledge that posts of customs officers at Mumbai and Delhi are the most prized and money changes hands before an appointment is made. Calcutta lags behind not because it is more honest but because both in volume and value it is behind the other two metropolises in providing opportunities for enrichment. Mr Vittal's comments bear repetition — *India's economy is a standing monument to the corruption and inefficiency of four departments; Customs, Central Excise, Income-Tax and the Enforcement Directorate*. Nothing illustrates the comment better than the extraordinary steps taken by a government that should have known better, to hound the upright Director of Enforcement, MK Bezbaruah for doing his duty in the face of many obstacles put in his path and the manner in which the government tried to hoodwink everybody that he was required immediately to run Delhi's buses instead! That story invited ridicule but they got rid of him in the end.

It is reported that some officers of the IRS are planning to take the CVC to court; if there is any truth in the report it is only an indication of their acceptance of Mr Vittal's comment as justified and constitutes a vain attempt to silence him. What would be the charge, pray? Defamation? For such a charge to stick, two requirements are necessary and both are beyond the reach of the officers concerned. No officer has been identified and defamation is a personal offence. The answer will be if the cap fits, officers concerned may wear it. The other is the defence of truth. Vittal will be able to establish that as a general proposition what he has said is justified and he will have examples from his experience to prove it. Also it will be for the officers aggrieved to demonstrate that they have a reputation capable of being defamed.

This newspaper is full of admiration for the CVC and the way he is going about his difficult task with equanimity despite the fact that the government have unashamedly declared their intention to restore the Single Directive by legislation, reverse the Supreme Court judgment and raise the bureaucrat above the law where Indira Gandhi had placed him in 1969. They have so far not provided him with the statutory support that he must have to function effectively. The intention of these manoeuvres is clearly to belittle the CVC and circumscribe his authority. Any other officer in his position would have thrown in the towel long ago; that he has not done so and on the contrary carries out the mandate given to him by the Supreme Court with courage and devotion to duty is an object lesson to the rest of the bureaucracy. There are two aspects to this. One, those like Vittal, all too few unfortunately, who set the example, the other assumption is that there are others willing to learn. From the point of view of the large majority of these, there is no advantage to them in learning the lessons of integrity and good governance. The contrary is profitable and well established by the politician and the bureaucrat. Finally there are none so blind as those that will not see and the corrupt bureaucrat-politician nexus will not see.

It should be our common endeavour to force them to do so.

THE STRAITS

Sonia suspends Tehelka charge

FROM RASHEED KIDWAI

New Delhi, April 5: Congress president Sonia Gandhi has abandoned the Tehelka charge. She will not address five public meetings in Nagpur, Hyderabad, Bhubaneswar, Lucknow and Jaipur that were scheduled through the second week of April.

Ostensibly, the reason for cancelling the rallies is Sonia's "pressing engagements" in connection with the Assembly polls in five states. But party leaders admitted that it had to do with "Tehelka fatigue".

More important, the move is aimed at paving the way for the Congress' return to Parliament though the Vajpayee regime has not conceded any of its demands on the defence exposé.

A Congress functionary close to Sonia claimed that her programme was "tentative", but many in the party disagree. They said Sonia's visit to Hyderabad on April 8 was final. "There was a doubt only over the Lucknow rally. As far as selection of candidates are concerned, the excuse is lame as everyone in the party knew about the schedule," a party MP said.

Congress leaders are intrigued why Sonia is hesitant to lead from the front when Vajpayee is struggling to maintain NDA unity in the aftermath of Tehelka.

The Congress also does not want to disrupt proceedings after the Lok Sabha reassembles on Monday. Rather, it plans to corner the government on a range of new issues, such as the Ketan Parekh bank scam, infighting in the PMO,

phone-tapping, Kashmir and the Exim policy. On the face of it, the Congress wants to score brownie points by projecting itself as a "responsible Opposition" party and it does not wish to precipitate a constitutional crisis by blocking the passage of the Union and rail budgets.

The Congress strategy now hinges on the Assembly polls — it hopes to turn the heat on the Vajpayee government after the election. It is confident of wresting Assam and Kerala, and winning in Tamil Nadu and West Bengal with major partners ADMK and the Trinamul Congress respectively.

However, the Congress volte face on stalling House proceedings is likely to create more bad blood among the Opposition ranks. With the Left parties upset over the Congress alliance with Trinamul in Bengal, the prospects of floor coordination between the Congress and the People's Front, comprising the Left and the Samajwadi Party, have receded.

Sonia's single-minded thrust for the Delhi throne became clearer as she swallowed humiliation today to offer truce to K. Karunakaran, who had levelled serious personal accusations against her. Sonia granted a ticket to his daughter Padmaja and accommodated three more of his nominees to bring his group's tally on a par with A.K. Antony's.

Karunakaran expressed profound gratitude to Sonia and denied the remarks. Sonia, too, did not press for evidence, terming it as a "closed chapter".



Sonia

THE TELEGRAPH

6 APR 2001

Price rigging scam: GTB, UTI Bank merger is off

ENS ECONOMIC BUREAU
MUMBAI, APRIL 4

THE ongoing Ketan Parekh-led stock market scam has taken another toll. The proposed merger between private sector banks — Global Trust Bank (GTB) and UTI Bank — has been called off by the former. GTB is already under cloud for alleged price manipulation by arrested stock broker Ketan Parekh to artificially jack up its share prices — or insider trading — in order to get a better valuation.

GTB executive vice-president Diptesh Shah said the GTB board, which met here today, reviewed the 'developments in its entirety' and unanimously resolved to withdraw the merger proposal. Sebi's interim report to the Reserve Bank of India has pointed out the involvement of leading stock broker Ketan Parekh and his companies in manipulating the price of the Global scrip since October last.

The bank has also written to the RBI informing that the deal was off, an official said. "The bank

CONTINUED ON PAGE 2

RBI knew of rigging, but still okayed merger plan

SUNIL JAIN
NEW DELHI, APRIL 4

THE UTI Bank and Global Trust Bank today announced that they had called off their proposed merger following the controversy over the alleged rigging of GTB shares, but questions are being asked about the RBI's role in the entire affair. It is now clear that the RBI was aware of the price rigging in GTB even before informal permission was given to merge the two banks — both the RBI and SEBI have been claiming over the past couple of weeks that they did not know of this earlier.

This is contradicted by information provided by the Finance Ministry to the Lok Sabha Secretariat recently. According to the information, the RBI got to know of the wild price hikes in the GTB share and asked SEBI to look into the matter. On February 26, SEBI told

the RBI that while investigations were in progress, prima facie there appeared to be price manipulation.

It was on February 24 and 26 that the UTI Bank and GTB Bank put the proposal to their shareholders and it was on February 28 that they submitted their proposals to the RBI for approval.

While the RBI has yet to grant approval, UTI Bank chief P Subramanyam told *The Indian Express* that they had informally got the RBI's nod. Subramanyam said today that when he had "pre-consultations with the RBI, to sound them out, they never ever mentioned this to us". The price-rigging in GTB was crucial because it was this high price that played an important role in the swap ratio for the bank's shares — a rigged GTB price gave its shareholders an advantage. The question then is that if the RBI knew of the price rigging, how and why did it informally approve the merger. Why did it keep quiet about the price rigging?

THE FALLOUT

INDIAN EXPRESS

- 5 APR 2001

119-12
4/4
WEDNESDAY, APRIL 4, 2001

THE ROT IN THE CORE

THE PUBLIC PERCEPTION of pervasive corruption in the system of tax administration has now only been reinforced. The sensational allegations made against the former Chairman of the Central Board of Excise and Customs (CBEC), Mr. B.P. Verma, on Monday at the Tis Hazari courts in New Delhi, by the Central Bureau of Investigation (CBI), point to an extensive network of corrupt officials in the CBEC with their tentacles spread over a wide range of real or shell companies ostensibly engaged in export transactions. There can be little doubt that the disclosures made by the CBI on the business connections of Mr. Verma and the alleged accumulation of enormous ill-gotten properties relate not to an exceptional aberration in the tax system but constitute merely the tip of the iceberg. Even if any tendency to run down the entire tax gathering system in the country, as being completely tainted with corruption, may not be a justifiable reaction to the CBI action against Mr. Verma and his accomplices, the Government cannot afford not to see the writing on the wall. There are credible grounds for believing that with all the talk about tax reforms, the country's revenue system is slipping into serious pitfalls not only of failure of economic intelligence but of collusive illegalities between the tax administrators and unscrupulous elements in society for whom tax-dodging has become a way of life.

For the NDA Government, the revelations about the scam in the CBEC could not have come at a more shameful hour. Already the Tehelka expose has inflicted a grave dent on the moral pretensions of the Vajpayee Government. The stock market scam masterminded by the broker, Mr. Ketan Parekh, and involving a nationalised bank and a little-known cooperative bank, has brought into the open the entire question of credibility of the regulatory mecha-

nisms in the financial sector manifested in the Securities and Exchange Board of India (SEBI) and the RBI. If all that Mr. Yashwant Sinha, Union Finance Minister, can muster in the face of these shattering indictments of the Government is an attitude of revulsion and disgust, it certainly does not speak for a Government which is alive to the derailment of governance caused by a concatenation of irregularities in its different wings.

It is becoming disconcertingly evident that the policymakers, while pursuing the agenda of liberalisation, seem incompetent to deal with "market failures" as they emerge from the controlled economy during the process of its disintegration. That notwithstanding the SEBI, stock market shenanigans continue to erupt from time to time is itself disturbing evidence of a permissive economic ambience threatening to make a mockery of the process of liberalisation.

That the taxation system and the credibility underlying it is what promotes an orderly transition to a market-oriented economy hardly needs special pleading. The truth, however, is that massive slippages in the tax system are occurring, to the detriment of public interest. It is not enough for Mr. N. Vittal, Chief Vigilance Commissioner, merely to assert what is widespread public awareness that there is something rotten in the tax administration system. The vigilance machinery is obviously abjectly unequal to the task of cleansing the tax system. If the whole process of economic reforms is not to come unstuck, it is time for a high-level review of what plagues the basic ethics of the tax gatherers apart from the needed ruthless action against the errant among them. Constant official chants about enhanced tax compliance or an enlarged tax base will serve no purpose unless the endemic corruption in the system is rooted out.

THE HINDU

4 APR 2001

Sex and sleaze in Customs scam

Rajnish Sharma
New Delhi, April 2

BEHIND EVERY Customs officer raided by CBI sleuths in the last few days, there was a scheming woman. Be it Olga Kozireva in the smuggling case or Bhavna Pandey in the corruption case involving BP Verma, former Chairman of the Central Board of Excise and Customs.

Olga is believed to have smuggled large consignments of contraband by luring her Customs suitors with Ukrainian and Uzbek women. Pandey is believed to have doubled up as a front for former CBEC chairman Verma's several benami companies, which laundered several crores by investing the income generated through bribes.

During the recent raids at the premises of Customs officers, CBI sleuths found objectionable photographs of senior Customs officials with Olga and her friends. Olga initially started giving money to Customs officials at the IGI Airport. Later, she started using women to lure the Customs top brass.

Some board members of the CBEC also attended the parties hosted by Olga and her two Afghan friends in Delhi.

"Some of these parties were hosted in Mumbai also. The Olga and Verma case are a tale of sex and sleaze. It just shows how senior officials get easily lured by women," a source said.

Investigations have revealed that around four women always accompanied Olga on every trip

to India since 1997.

According to CBI officers, Olga and her associates smuggled contraband goods through Mumbai airport. CBI investigations have revealed that rooms were booked in hotels in Delhi and Mumbai in the name of senior Customs officials by Olga and her friends.

In the case of BP Verma, too, it was a woman, Bhavna Pandey, who played a crucial role in all the deals. Verma used Pandey as a front for all his deals. The venue was Pandey's flat in Saket.

The woman was introduced to Verma by a South Delhi exporter in 1991. Sources said the CBI has stumbled upon evidence that apart from Pandey, some other senior Customs officials and even politicians frequented the woman's South Delhi flat.

Pandey was instrumental in floating the five front companies, including Jubilee Enterprises, in which Verma diverted huge sums of money. "Verma used to entertain friends at Pandey's residence and often stayed there. This has been confirmed by the neighbours also," a source said.

CBI officers claimed there was evidence to prove Verma had bought the flat for Pandey, who came in contact with Verma more than six years ago and since then had been handling all his major dealings. Pandey's first-floor SFS flat in Saket today wore a deserted look. Her neighbours said she had always been aloof and did not interact much.

On Page 9: Ex-chief of Customs in CBI custody

Former chief of Customs in CBI custody on bribery charge

Delhi, April 2

EX-CHIEF of the Central Board of Excise and Customs B P Verma, his son Sidharth and an accomplice P Pandey were today indicted to CBI custody for days by a city court after they were produced there in connection with the case of giving bribes for favours to a Chennai-based export

company. Three were produced in court by a magistrate Majeed Singh, who allowed CBI to keep them in custody for five days for interrogation. The three have been charged under Section 120B (conspiracy) of IPC and sections 13(2) and 13(1)(b) of Prevention of Corruption Act, involving amassing of wealth disproportionate to known sources of income.

Verma, partner of Chennai-based A K Enterprises, was also arrested. The magistrate asked the agency to conduct a medical examination of the accused before taking them into custody.

The arrest follows questioning

of Verma's son by the CBI along with his business partner Rohit Jain.

Besides this, the former chairman had not cooperated with CBI during the day-long raid on Saturday, agency sources said.

Even as the raids were on at Verma's residence, the revenue department put Verma, an IRS official, on "compulsory wait" and appointed Sukumar Shankar, a member of CBEC, the new chairman. CBI sources said that the questioning of Rohit Jain will continue today.

Sidharth and Rohit own five companies which include Jubilee Enterprises and Jubilee Medicare.

The CBI alleged that the two were running some different business in the garb of these companies, adding so far it was found that B P Verma had also invested Rs 20 lakh in these companies.

The CBI also recovered huge assets during the raid, which was completed late on Saturday night.

The assets included Rs 24 lakh worth investment in UTI and LIC, jewellery worth Rs 24 lakh,

Rs 1.4 lakh in cash, \$100,000 house-hold goods worth Rs 15 lakh besides a bank balance of Rs seven lakh.

CBI had conducted raids at 15 places including Verma's office, residence, the residence of Sandeep Shrivastav, officer on special duty, the school run by Verma's wife in Delhi and the office of A K Enterprises in Chennai.

The CBI was now scrutinising the documents, Verma, who had invested heavily in the stock market, was director general of the Economic Intelligence Unit of excise and customs and was made chairman amidst protest from a member of CBEC for supersession.

Apart from Verma, the CBI registered a case against Sidharth Verma, K Vijay Pratap, described as a middleman and the owner of the firm Kiran Kumar Moolchand, under Anti-Corruption Law.

Vijay Pratap had reportedly approached Verma for "favours" for the firm owned by Moolchand for some work in the customs department.

PTI



EX-CHIEF of Central Board of Excise and Customs B P Verma (left), son Sidharth Verma and Bhavna Pandey being produced at Tis Hazari Court in the Capital on Monday.

THE HINDUSTAN TIMES

3 APR 2001

Former customs chief, son held by CBI

Investigating team expresses shock at Verma's holdings of Rs 40 crore

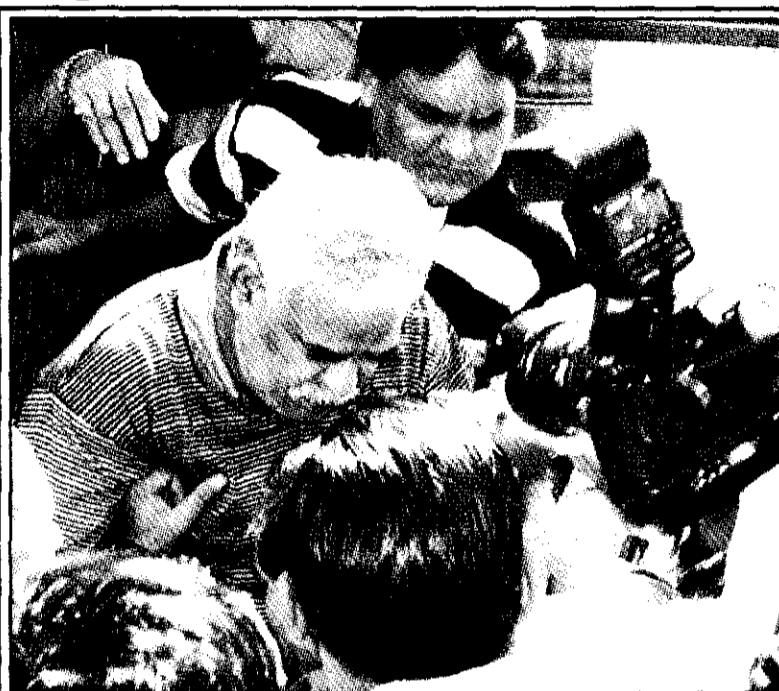
The Times of India News Service

NEW DELHI: Former chairman of the Central Board of Excise and Customs (CBEC) B.P. Verma, his son Siddharth and two other accomplices were arrested by the CBI late on Sunday night following the largest ever series of raids mounted by the Central Bureau of Investigation (CBI) against customs officials nationwide.

The two others arrested in the corruption case are Bhavana Pandey, an accomplice of Verma, and Shivanam, a partner in a Chennai-based firm, A.K. Enterprises. CBI sleuths say they are "shocked" by the extent of Mr Verma's holdings which, they allege, add up to Rs 40 crore. They claim to have recovered documents pertaining to "direct investments" of more than Rs 1 crore in shares, in the UTI, fixed deposits, jewellery and a few properties which he had declared to the government. But there is apparently a lot more. "Most of his investments are benami," a CBI source said.

"Generally, he has invested a lot of money in those companies where his son was a major shareholder. A large amount of money was also invested through two friends, Rohit Jain and Mahesh Gupta. Investigations have revealed that Mr Verma had a hotel in Nainital worth Rs 22 crore and had bought a farmhouse in that city. He is also the owner of a brewery in Madhya Pradesh. He has even bought farmhouses on the outskirts of Delhi and in other cities. Information on more investments is likely to come soon," the source claimed.

By contrast, the raids conducted at the offices and premises of 48 other senior and middle-ranking customs officials in the country for allegedly helping Uzbekistan-based smugglers have scarcely revealed any evidence



Former chairman of the Central Board of Excise and Customs B.P. Verma (with grey hair) is taken by CBI officials to the duty magistrate's court at Tis Hazari in New Delhi on Monday. Credit: PTI

A meteoric rise

NEW DELHI: B.P. Verma joined the Indian Revenue Service (IRS) in 1964. He worked in Sambhal district in Uttar Pradesh as a young officer. He was posted at Kanpur as a principal collector and then to Nepal as first secretary. He also served with the Department of Revenue Intelligence.

In Delhi, he held some sensitive charges like that of director general

(Inspection), where, on behalf of the CBEC, he was to ensure that all wings of Customs and Excise followed the rules.

He was then made a member of the CBEC, and held crucial charge in posts such as central excise and budget. He was made director general of the Economic Intelligence Bureau, and subsequently became chairman of the CBEC last year. — TOINS

against most of the officers, CBI sources said. The agency has, however, decided to file cases of disproportionate assets against those officials against whom it has found sufficient evidence.

A highly placed source in the CBI said, "It was expected that we would not get enough evidence after these raids, but we had never imagined having to draw a blank in more than 35 premises in this city. There were several houses which were locked and the customs officials were staying elsewhere. They had almost cleaned up their house and it seemed as if they were expecting us." Meanwhile, on Monday, a metropolitan magistrate in Chennai ordered the 'transit remand' of Shrawan Kumar of A.K. Enterprises to Delhi for further investigations.

It is reliably learnt that Kumar, who was arrested by the Anti-Corruption Branch of the CBI on Sunday evening, was produced before the magistrate on Monday. Sources maintained that his arrest was connected to that of Mr Verma. Shrawan Kumar was managing the affairs of A.K. Enterprises which was exporting garments. Customs officials intercepted one consignment from A.K. Enterprises which had been headed for Jamaica on March 17.

While A.K. Enterprises had claimed that the consignment contained women's blouses, the customs officials detained it saying that the consignor was exporting 'rags'. The total value of the consignment was about Rs 6.70 crore and A.K. Enterprises was claiming a duty-drawback of 16 per cent of the consignment value. The company had been operating for the last year from Washermanpet in north Chennai. The proprietor, Kiran, was not actively associated with the business and Shrawan Kumar was responsible for the day-to-day activities.

THE TIMES OF INDIA

- 3 APR 2001

Customs scam: CBI traces foreign hand

STATESMAN NEWS SERVICE

NEW DELHI, April 2. — With the arrest of Ms Bhawana Pandey and recovery of incriminating documents, including a recorded conversation with foreign nationals, the CBI has launched a massive operation to arrest other officials allegedly involved in the Central Board of Excise and Customs case.

Mr BP Verma, sacked as the CBEC chairman, is the main accused.

The CBI has recovered a recorded telephonic conversation with foreign nationals, including women, during the raids at the residential and business premises of Mr Verma and his son, Mr Siddhartha Verma, in 15 places in the capital.

CBI sources said: "The possibility of involvement of other women as conduits can't be ruled out."

Refusing to divulge any information regarding the contents of the conversations, the CBI said: "A thorough investigation will expose several aspects of the illegal trade and business."

The CBI sources said Mr Verma, during his tenure as director-general of CBEC's economic intelligence unit, had invested heavily in the stock market. He was made chairman amid protests from a CBEC member, and without the Central Vigilance Commission's approval.

Mr N Vittal was not available for comment.

The CBI has identified more than 70 export houses in Mumbai, Chennai, Delhi, Kolkata, Lucknow, Ahmedabad and other places. With CBEC officials' connivance, the accused have reportedly "cheated" the department by not paying "required duties". They have reportedly exported "other con-



Former chairman of Central Board of Excise and Customs Mr BP Verma being taken by CBI officials to the duty magistrate's court at Tis Hazari in New Delhi on Monday. — PTI

signments" instead of those for which they had license.

"The CBI will seek foreign agency's support, if needed, in finding out the nature of trade of foreign firms, and what consignments were delivered to them during the period in question," a CBI source said.

Mr Verma, his son, and Ms Pandey, arrested last night and produced before a special CBI court today, have reportedly revealed the names of some more people, including department officials, allegedly involved in

the racket for the past several years.

They have been remanded in CBI custody for five days. The CBI has got a transit remand of Mr Shrivanam, a partner of the Chennai-based firm, AK Enterprises. He was arrested yesterday.

The CBI questioned Mr Siddhartha Verma's business partner, Mr Rohit Jain. They owned five companies, including Jubilee Enterprises and Jubilee Medicare.

The raids yielded documents

about assets including investment worth Rs 24 lakh in UTL and LIC, jewellery worth Rs 24 lakh, Rs 1.4 lakh and \$ 1,500 in cash, household goods worth Rs 16 lakh, and nearly Rs 30 lakh in bank accounts and fixed deposits. Besides flats in Kolkata and Delhi, an investment of Rs 20 lakh in a private company in the name of Mr Verma's son was recovered.

The CBI has examined Mr Sandeep Shrivastav, officer-on-special duty in Mr Verma's office.

THE STATESMAN

1 APR 2001

'ASSETS WORTH LAKHS UNEARTHED IN SEARCHES'

B. P. Verma, 3 others held

By Our Special Correspondent

NEW DELHI, APRIL 2. The former Chairman of the Central Board of Excise and Customs (CBEC), Mr. B. P. Verma, his son, and two of his associates were today arrested by the Central Bureau of Investigation on charges of bribery, corruption, possessing assets beyond known sources of their income, and showing undue favour to a Chennai-based export firm.

Mr. Verma, his son, Mr. Siddharth and an associate, Ms. Bhavna Pandey, were produced before a duty magistrate and remanded to CBI custody for five days. Agency sources said the partner of the export house, Mr. Saravana Kumar Jain, arrested in Chennai, would be brought on transit remand here.

All the four have been accused in the First Information Report under provisions of the Prevention of Corruption Act, 1988, and Sections 120-B and 420 of the Indian Penal Code.

The Duty Magistrate, Mr. Paramej Singh, asked the CBI to get a medical examination of the accused done before taking them into custody, and to provide them with proper medicare. The agency sought the remand of the accused on the ground that it was needed for their interrogation. (According to a UNI report, Mr. Verma was later admitted to the Saldarjang Hospital with breathing problems. Hospital sources said he was suffering from obstructive sleep apnoea which



The former Chairman of the Central Board of Excise and Customs, Mr. B. P. Verma, being produced at the Tis Hazari courts in New Delhi on Monday. — Photo: R.V. Moorthy

leads to difficulty in breathing.)

The arrest of the former CBEC chief, his son and associate came after CBI raids on his office and residential premises over the past two days. Searches were conducted at 15 places, including the residence of Mr. Sandeep Shrivastav, Officer on Special Duty with Mr. Verma.

Apart from questioning Mr. Verma's son, Mr. Siddharth, the

worth Rs. 24 lakhs, Rs. 1.4 lakhs in cash, \$1,500, household goods worth Rs. 15 lakhs apart from a bank balance of Rs. 7 lakhs.

Sources said Mr. Verma's associate, Ms. Pandey, who hails from Uttaranchal, ran an apparel export company from South Delhi and Mr. Verma made huge investments in it. The agency is also trying to track down Ms. Pandey's business associates and it is suspected that about a dozen leading garment exporters of Kolkata also have dealings with her company.

Raids in Chennai

By Our Special Correspondent

CHENNAI, APRIL 2. A Chennai-based garment exporter has been arrested by the CBI in connection with the case registered against the erstwhile Chairman of the Central Board of Excise and Customs, Mr. B. P. Verma. Mr. S. K. Jain, aged about 45, of Washermanpet, was arrested under Sections 120-B IPC (criminal conspiracy) read with Sections 7, 11, 12, 13 (1) (D) read with 13 (2) PCA. He was produced before the X Metropolitan Magistrate, Egmore. He would be taken to Delhi, CBI sources said.

The Anti-Corruption Branch of the CBI's Delhi unit raided over a dozen places in Delhi and Chennai on Saturday. Here, the operations were conducted at the premises of four exporters in Washermanpet, Annanagar, Ratan Bazaar and T. Nagar.

More photos on Page 13

~~'CORRUPTION WIDESPREAD IN REVENUE DEPT.'~~

Our report vindicated by Tehelka tapes: CVC

By Our Special Correspondent

NEW DELHI, APRIL 1. The Central Vigilance Commissioner, Mr. N. Vittal, today said the Tehelka tapes "expose" had vindicated the interim report on defence deals which was submitted last August, but refrained from disclosing the contents of the final report now with the Government.

Mr. Vittal, who submitted the final report to the Defence Minister, Mr. Jaswant Singh, yesterday, left it to the Government to take action.

Speaking to reporters on the sidelines of a CBI function here, the CVC said the Commission had perused some 500 files pertaining to 25 defence deals before submitting the report.

In February last year, the Defence Minister, Mr. George Fernandes, requested the CVC to go into every defence deal over Rs. 75 crores since 1989, following allegations of presence of middle-

men ^{HD-1 219} contrary ^{Corruption} to the Government's policy of not dealing through them. Mr. Vittal said apart from these cases, the CVC also looked into 20 cases mentioned by the former MP, Mr. Jayant Malhotra, and seven cases mentioned by Rear Admiral R. V. Purohit.

Referring to the proposed CVC Bill where the Government has agreed to go with the recommendation of the Parliamentary Committee on Single Directive, Mr. Vittal said a similar clause had been struck down twice by the apex court. The "single directive" norm makes it obligatory on the prosecution agency to seek permission from the Government before moving against an officer of the rank of Joint Secretary and above.

'Most corrupt'
PTI reports:

The CVC, referring to Saturday's raids on the premises of se-

nior Customs officials including the Central Board of Excise and Customs (CBEC) chief, Mr. B. P. Verma, Mr. Vittal pointed out that he had said soon after the Prime Minister announced zero tolerance on corruption that the Revenue Department, including customs and excise, was the "most corrupt" in the country.

But, he said, "everything in our country starts with a bang and ends with a whimper."

Recalling that a Minister of State had earlier protested on his remark about corruption in the Revenue Department, the CVC said, "I think the public perception and what comes out now only shows that what I said was not without basis."

On the defrauding of the Bank of India to the tune of over Rs. 130 crores in the pay-order scam, Mr. Vittal said that when the BoI made a reference to the Commission, it would be looked into.

More reports on Page 13

THE HINDU

- 2 APR 2001

Tehelka vindicates my report, says Vittal

UP MLAs laugh off BJP code

New Delhi, April 1

CHIEF VIGILANCE Commissioner N Vittal today said his probe report on major defence deals and allegations by politicians and defence personnel submitted to the Centre yesterday was vindicated by the Tehelka exposé.

Asked whether it meant that he corroborated the existence of middlemen in defence deals and payment of commissions, Vittal said: "I cannot answer such questions as the report is top secret. It is for the Government to make it public."

The CVC had given an interim report in August and the final report yesterday, after probing into 20 allegations levelled by Jayant Malhotra, seven by Rear Admiral S V Purohit, and the defence deals since 1989 worth over Rs 75 crore.

"Our interim report of August was vindicated by the Tehelka exposé," Vittal said. On the disclo-

appeared. "But we did not wait and down-loaded the entire text, examined them and took whatever was relevant to our probe."

Asked about the revival of the controversial 'single directive' norm recommended by a parliamentary standing committee, accepted by the Government, barring any probe of an officer above the joint-secretary level without Government sanction, he said the Supreme Court has already laid the law for this purpose.

He said the court had quashed the 'single directive' norm twice, terming it as unconstitutional. The court had held that it violated the equality clause of the Constitution, he added.

The CVC said he felt that even if the Government made 'single directive' a law, it could be struck down again by the Supreme Court if it is challenged by a petition. "I have already conveyed to the Prime Minister that the single directive norm should go."

PTI

Judge for law to book politicians' aides

THERE IS no law in the country at present to bring to book the assistants to politicians, who wield enormous power in Government and amass a lot of wealth by corrupt means, Supreme Court judge Justice KT Thomas said on Sunday. "The legislature should think of enacting a law to bring these corrupt people to book," the judge said while delivering the 2nd DP Kohli Memorial Lecture to mark the foundation day of the Central Bureau of Investigation.

PTI, New Delhi

sure in the tapes, he said two opportunities were given to the portal to send its representatives on March 23 and 27 for assisting the CVC in its probe, but no one

Sunita Aron
Lucknow, April 1

"CODES OF conduct? Ha! We have heard them being talked about before." That's how most BJP leaders in UP have taken Jana Krishnamurthy's mighty plans to evolve a code of conduct for all elected representatives and refurbish the party's post-Tehelka image.

"Codes' no longer excite the BJP in Uttar Pradesh where they have been discussed countless times. Every partyman knows all talk of them will fizzle out once the videotape row dies out.

"It's a matter of days, maybe months, only until the tapes enquiry probe continues", a BJP leader said. "We are instead on the April 15 rally. It's been nearly nine years since the party organised such a massive one. Besides,

formulating a code of conduct. But nothing came of the plans after Kalyan Singh's stormy exit.

Some senior BJP feel there is no real need for a code of conduct; mere adherence to the do's and don'ts should suffice. One particular leader has even sought to know why the BJP leadership had failed to enforce compliance to such simple obligations like making an annual declaration of assets and liabilities by Vidhan Sabha and Vidhan Parishad members.

Now, this is a sensitive issue. The number of legislators declaring their assets and liabilities has come down over the years - from 19 in 1997-98 to just four in 1999-2000. Even BJP ministers have paid scarce attention to this law, flouting it in full glare of the Chief Minister and the BJP President.

Atalji and Advaniji are supposed to address it," he added.

A code of conduct was discussed last two years ago, at the RSS 'Chintan Shivir' in Mumbai. The party was going through a turbulent phase in Uttar Pradesh and some leaders were gunning for Kalyan Singh. BJP ideologue Govindacharya, in charge of UP at that time, formed a committee headed by Kairaj Misra, to hammer out a code of conduct.

There was a flurry of statements, both in favour and against the move, with MLAs pressing for a code of conduct binding ministers as well.

The matter was discussed in the Cabinet, with Kalyan Singh pushing the code and others, especially his partners, opposing it.

Various panchayats convened by the RSS top brass to resolve the leadership tangle concentrated on

Advani admits 'weakness' in system

Kochi, April 1 (Agencies): Union home minister L.K. Advani today said the Tehelka tapes revealed a "weakness" in the system and its "vulnerability".

Addressing a press conference with former defence minister George Fernandes here, Advani said the government accepted that the tapes "revealed a weakness in the system and its vulnerability at various points".

Prime Minister Atal Bihari Vajpayee also had said the episode was a "wake-up call", Advani said.

Commenting on his statement that the Tehelka episode was an intelligence failure, Fernandes said he was concerned since for eight months fictitious arms dealers could penetrate the army and political establishments.

"It was a matter expressing concern and not to point a finger at any agency or individual. It should not be given any other twist," he added, indirectly referring to reports that he had pointed a finger at the home ministry.

Asked if the Tehelka tapes could be written off as "rubbish talk by some under the influence of liquor", Fernandes said there were a lot of things which may not have been said under the influence of liquor. The commission of inquiry would go into it, he said.

Advani said unlike previous governments, the BJP-led NDA government had initiated prompt action after the expose and ordered a judicial inquiry.

There had been a series of scandals, including Bofors. Earlier governments had refused

to take any action, saying corruption was a "global phenomenon", he said.

Lambasting the Congress, Advani said its attitude had always been negative whether it was Pokhran, Kargil or the Tehelka tapes.

Replying to another question,

Advani said he did not think that the Assembly elections in some states would be a referendum on the Tehelka expose.

Asked if the delay in his resigning from the Cabinet had dented the NDA's image, Fernandes replied in the negative. On whether he expected to be taken back in the Cabinet, Fernandes said: "Time will tell."

Later, addressing a rally, Advani described Fernandes as one of the best defence ministers the country ever had. Always in the forefront in keeping up the morale of the armed forces, Fernandes was the only defence minister in independent India who had visited the inhospitable Siachen glacier 18 times and spent days with troops manning the country's borders, he added.

'Indefensible indiscretion'

In an interview to a television programme, Advani termed the acceptance of Rs 1 lakh by Bangaru Laxman as BJP chief from fictitious arms dealers as "indefensible indiscretion".

He, however, said he will not seek Laxman's resignation as a Rajya Sabha MP since it did not reflect "any corruption". Laxman "has deposited the entire amount of Rs 1 lakh with the party and I have checked that out", he said.



Advani

THE TELEGRAPH

- 2 APR 2001

Parekh unlikely to appeal before high court immediately

119 From Page 1

AFTER IT was evident that Parekh would have to spend the next 10 days in CBI custody, his lawyers requested the court to keep him at "some better place" and not the White House, CBI's headquarters. The request was promptly turned down by the court.

Even the request for permission to meet his wife for "at least half an hour" was opposed by CBI. However, both Parekh and Pandya have been allowed home food, toiletries and medicines "if required."

According to Parekh's lawyers, it is unlikely that he will appeal immediately before the high court against the special court order. Parekh has also withdrawn two anticipatory bail applications filed before this court.

The decision to remand him to CBI custody was based on two factors. First, the magnitude of the sums involved in the alleged fraud — about Rs 137 crore. Also, the CBI feels that the case has wider ramifications, which may unfold during the investigations.

Shirish Gupte, appearing for Ketan Parekh, told the court that there was no fraud in what is merely a banking transaction. At the most, there may have been a breach of regulations.

Parekh's lawyers also argued that there was no conspiracy to defraud any bank or make any false representation. His client not only accepted the liability of Rs 137 crore, but also expressed a willingness to pay the amount, given time. But a series of raids by the I-T department, which had sealed his accounts, had created the crisis. Given time, Parekh would pay up the liabilities, he said.

CBI counsel Bharatsingh Raghuvanshi reminded the court



CAGED BULL: CBI officials escort Ketan Parekh out of the sessions court in Mumbai on Saturday. — AFP

of the CBI's right to custodial interrogation. He told the court that the magnitude of the money involved and the ramifications of such a case warranted custodial interrogation. And he also reminded the court how Harshad Mehta was remanded to CBI custody in 1992.

While reading out the order remanding Parekh to CBI custody till April 9, the sessions judge observed: "Further investigation in this case may turn out to show different ramifications of the present, simple-looking bank transactions. The facts and circumstances do warrant custody of both these accused for further interrogation."

CBI sources said Parekh was "questioned through the whole night" at the bureau's White House headquarters.

In the first information report filed by CBI, the agency has also registered a case against "unknown persons" whose identity has not yet been disclosed.

The CBI named 11 accused in the remand application. Among them are Ketan Parekh, Kirti Kumar Parekh (director, Panther Investrade), Kartik Parekh (director, Panther Investrade),

Navinchandra Parekh (chairman, Fortune Ltd, Classic Credit, Kolkata), Panther Investrade, Panther Fin Cap and Management Services, "unknown" officers of these companies, "unknown" officers of MMCB and BoI, and some "unknown others."

The judge asked the CBI counsel whether custodial interrogation would make any difference. The CBI counsel, quoting a Supreme Court order, said the interrogation of the accused in custody makes a lot of difference in the investigation of economic offences.

CBI has charged Parekh and Pandya of Madhavpura with offences under various sections of IPC — such as 120B (conspiracy), 420 (cheating), 467 (forgery of valuable security), 470 (forgery), 471 (using forged documents as genuine) — and Section 13 of the Prevention of Corruption Act.

Two relations of Ketan Parekh — Kirit and Navin — were also questioned by CBI on Saturday. CBI has raided 11 places including business and residential premises of Parekh after the complaint was filed. "We cannot rule out a few more arrests," said an official.

The Economic Times

1 APR 2001

Ketan Parekh, Pandya to be in CBI custody till 9 April

59-13 STATESMAN NEWS SERVICE

MUMBAI, March 31. — Broker Mr Ketan Parekh, arrested yesterday in connection with defrauding Bank of India to the tune of Rs 130 crore, has been remanded in CBI custody till 9 April, along with the manager of Madhavpura Mercantile Cooperative Bank, Mr Jagdish Pandya.

Mr Parekh was questioned by the CBI officials right into the wee hours of the morning. He was produced before the designated CBI court of Mr Justice A V Joshi around 2.30 p m. His counsel, Mr Shirish Gupte, pleaded for bail on the grounds that his passport had been seized and there was no way he would flee the country. In the hour-long hearing, he pressed the argument that Mr Parekh could not redeem his dues because all his accounts had been frozen by the Income-Tax authorities and he refuted the charge of intentional malpractices against his client.

Earlier, Mr Parekh was charged with conspiracy and criminal breach of trust on a com-

plaint filed by Bank of India on Thursday. The CBI searched 11 premises including offices and residences belonging to Mr Parekh which included three firms from which money was routed out to fictitious or front companies.

Parekh and GTB: Meanwhile a Sebi report on Mr Ketan Parekh's involvement in rigging the price of Global Trust Bank (GTB) stocks in the run up to its proposed merger with the much solid UTI Bank is certain to take the big bull into deeper controversy. The findings substantiate charges of wilful manipulation of GTB stock price to secure better swap ratio vis-a-vis the UTI Bank.



Mr Ketan Parekh

The proposed swap ratio of 9:4 took market analysts with surprise although it was deduced by SEI Caps after due valuation. The swap ratio was okayed by both the boards of directors and the stockholders. That the UTI Bank accepted it without a word of protest or dissent raised doubts about the modalities of merger adopted by two banks.

THE STATESMAN

21 APR 2001

CBI raids 52 customs officials

11/4 From Page 1 G.F-18

THE CBI alleged that Mr Verma had received a "huge bribe" from representatives of a company through his son Sidharth, in a five-star hotel, Le Meridien, in Delhi.

The raids have shaken the bureaucracy which is wondering whether this is the beginning of a larger crackdown on corrupt officials. Mr Verma, the CBI said, had shown undue favours to a Chennai firm, A.K. Enterprises.

They said K. Vijay Pratap was the middleman who brokered the deal between the CBEC chairman's son and the Chennai company. The CBI said they are in possession of proof to suggest Mr Verma's involvement in the deal

and said it was carried out in Room No. 826 at Le Meridien.

The CBI officials, who were part of the team that raided the residential premises of Mr Verma, said they have obtained proof of huge investments and records of movable and immovable properties belonging to the CBEC chief.

In another swoop, the CBI raided offices and homes of 52 customs officials for their alleged role in helping Uzbekistan smugglers in their operations in the country.

According to an FIR filed in the designated court, the customs officials allegedly helped an Uzbek national, Olga Kazireva, smuggling various goods, including Chinese silk goods, to India. The CBI sources said Kazireva had travelled

to India 84 times between 1997 and 2000 before she was arrested by the CBI on August 28 last year.

They said the raids were being carried out in 50 places in Delhi, six in Mumbai, three in Haryana and in some places in Kerala and Kolkata. Premises of the customs officials of the rank of deputy commissioner, joint commissioner and additional commissioner, were being raided, CBI officials said.

The CBI FIR has accused these officials under Sections 420 of the IPC and 13(2) of the Prevention of Corruption Act. According to the FIR, they used to allow the Uzbek national to pass through the green channel at the airport or sometimes levied a minimal fine after passing through the red channel.

The Economic Times

1 APR 2001

Parekh in CBI custody, barred from meeting family

HT Correspondent
Mumbai, March 31

STOCKBROKER KETAN Parekh was today remanded in custody till April 9 and denied access to his family.

Sessions judge A R Joshi, however, has permitted Parekh home-made food, medicine and toiletries in custody.

He is not allowed to meet his family because his cousin and uncle are believed to have colluded with him in conniving with the Madhepura Co-operative Bank to defraud the Bank of India of Rs 130 crore.

Any meetings between Parekh and his family, including his wife, could hinder investigations, the judge ruled.

Jagdish Pandya, manager of the Madhepura bank's branch at Mumbai, has also been remanded in custody till April 9 for colluding with Parekh.

Parekh's lawyers, arguing against their client's CBI remand, insisted that he meant to pay back the bank.

They presented documents to prove that he had already paid BoI Rs 7 crore and would soon make good the remaining Rs 130 crore.

However, the court accepted public prosecutor P A Raghuvanshi's argument that the CBI should be given custody of Parekh as it needed time for investigations.

The judge also accepted the contention that there was a clear case of fraud and conspiracy.

Parekh was produced in the sessions court in crumpled clothes — the same that he wore when he was whisked away by the CBI at their headquarters at White House in South Mumbai. Sources said he was interrogated through the night.

THE HINDUSTAN TIMES

- 1 APR 2001

If you can't beat them, join them

Last week, Atal Behari Vajpayee lamented that corruption was part of the system. He was dead right: corruption is our system. But the point is, what did the BJP—'the party with a difference'—do to fight it? Indeed, did it fight it at all? *The Sunday Times* looks at the track record of the party in the six states it has ruled

IN a democracy, ministers' conduct cannot be tested against the narrow test of law. After all, moral values will also have to be borne in mind."

—Atal Behari Vajpayee, 36, in the *Lok Sabha*, December 21, 1961

It is sometimes difficult to imagine that he was once like us, young and idealistic. On that day, just a few days short of his 37th birthday, he was speaking on behalf of the Bharatiya Jana Sangh (BJS), a party that saw itself as the conscience-keeper of the nation. For the golden boy of the BJS, the fight was not a fad. It was central to the belief of his parent organisation, the Rashtriya Swayamsevak Sangh, that personal character determined the destiny of the nation.

In the ensuing decades, Vajpayee led his party's attack against what proved to be the windmills of political corruption. The BJS and later the Bharatiya Janata Party was not a significant Parliamentary presence till the 1990s. So for decades, the party's voice tended to be that of Vajpayee, acknowledged by all to be one of the country's finest orators. In the 1990s, having reaped the maximum that Hindutva could yield, the BJP decided to shift track and make national security and "corruption in high places" its major planks.

The party's anti-corruption campaign reached its peak in the elections of 1996 and 1998. The Bhubaneswar session of the party's national executive in 1997 declared that *suchiha* or probity in public life was the first of the four Ss—the others being *suraksha* (security), *samarastya* (social harmony) and *swadeshi* (economic self-reliance). The contradiction between this high

ideal and the alliances with scam-tainted J. Jayalalitha and later Sukh Ram was papered over.

Only collective amnesia can explain how a party with a record of a Sunderlal Patwa in MP, Shankarsinh Vaghela and later Keshubhai Patel in Gujarat,

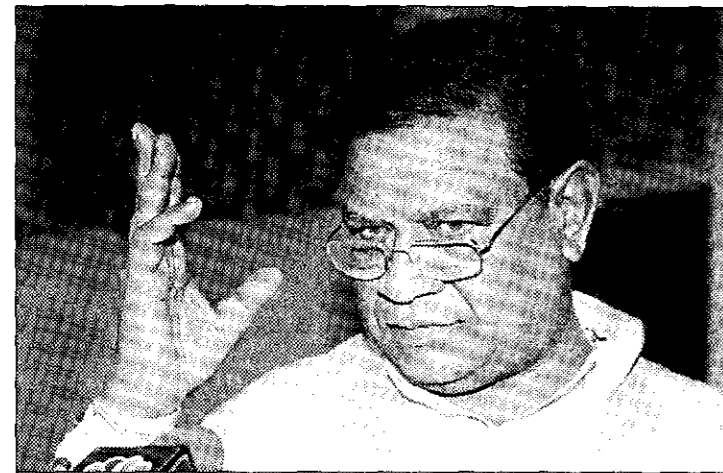
vani and Madan Lal Khurana were scorched by the hawala scam. But Vajpayee remained untouched. Armsgate has not found any charges directly against Vajpayee. The target has been Ranjan Bhattacharya, his foster daughter's husband.

Having been witnesses to the

certainly not been able to check the influence of what arises from what we can euphemistically term *Bharatiya sanskriti*—the love of the offspring described in much more direct Punjabi as *putar moh* vide Parkash Singh Badal and son Sukhbir. If Vajpayee has his Namita/Ranjan, Advani has his

All the big talk never bore fruit

Only collective amnesia can explain how the BJP ever passed off as a 'clean' party, says **Manoj Joshi**



RED HANDED: Former BJP President Bangaru Laxman who was caught on camera accepting Rs 1 lakh to facilitate an arms deal

Bhairon Singh Shekhawat in Rajasthan, and Kalyan Singh in Uttar Pradesh passed off as a 'clean' party even then.

Charges of corruption had lapped the BJP's higher leadership as well. There was an attempt in 1993 to implicate L. K. Advani and Murli Manohar Joshi in the Harshad Mehta scam. Later, Ad-

Congress party's unashamed culture of political corruption, the BJP has put in a lot of thought into ending this curse. In 1997, it sought to set up a Rs 30-crore corpus to fund non-election activities; it has proposed reform of laws to make political donations transparent and so on. But none of these has borne fruit and it has

Pratibha and Murli Manohar Joshi his Nivedita. They are no different from similar sons/daughters before the BJP government—Indira, Kantibhai, Sanjay/Rajiv, Prabhakar and Naresh. Many of these have been subject to nothing more than innuendo. None of them has ever been convicted on corruption charges, though some have come close. Whatever be the case, the allegations against them have often singled their parents.

Vajpayee himself described the dilemma in a 1972 Parliament debate on the Maruti car deal:

"The Prime Minister enjoys the people's confidence... and yet for the sake of a small factory of a son, she has given the people the chance to point a finger at her. This is not an instance of mother's love. It is an instance of disregard for the limits of public life."

He was 47 years old then. Now he is 76. Having mulled on the subject for a half-century, the golden boy-turned-Bhishma Pitamah can perhaps take the lead in banishing *putar moh* from public life.



DO NOT TOUCH