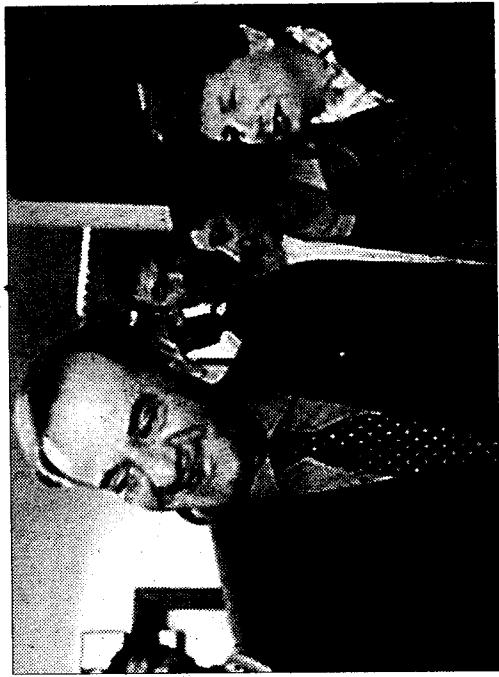


CBI taps Interpol to trace Quattrocchi

PRESS TRUST OF INDIA
NEW DELHI, DECEMBER 27

UNABLE to locate the whereabouts of the controversial Italian businessman accused in the Bofors payoff case, Ottavio Quattrocchi, the CBI has approached Interpol for tracking him.

Quattrocchi left Kuala Lumpur for Italy a fortnight ago after successfully fighting against a case of extradition to India. "We have received no information about Quattrocchi's whereabouts, although we have got in touch with the Malaysian authorities to verify his port of disembarkation," CBI director P.C. Sharma



Malaysia (Supreme Court) of impounding his passport has been complied with and that the au-

thorities in Kuala Lumpur would try to find out his exact location. Asked about media reports that Quattrocchi was in Italy, Sharma said: "We have also got in touch with our mission in Rome, who in turn, have contacted their counterparts in Italy to find out whether he was present there."

Simultaneously, the CBI has also contacted Interpol headquarters based in France for help in tracking down the Italian businessman. A red corner warrant is already pending against him.

To a question about Quattrocchi's claim that he would be returning to Malaysia, "as per plans", Sharma said: "The irony is that when he left India, he said

the same thing. Now when the CBI secured relief from the highest court in Malaysia, we fear that he may repeat the history."

India went to the Court of Appeal after the high court, on December 13, turned down the plea for review of the sessions court verdict throwing out the extradition case, saying: "The offences alleged to have been committed by Quattrocchi in India are open to doubt."

Maintaining that they held the Malaysian judiciary in high esteem, the CBI director regretted that: "We were not in a proper hearing and the case was dismissed summarily in a prejudged manner."

"We have given all our

28/12
tary and oral evidence after it was vetted by eminent lawyers here. The Italian businessman has been chargesheeted after which the court issued a warrant of arrest against him," he said.

He said the CBI officials had convinced Malaysia's attorney general's office that there was a case against Quattrocchi, which it was recommended to Malaysian interior ministry to file a case of extradition was made out against the Italian businessman.

However, there is some confusion which we intend to clear. The Malaysian courts have had to look only whether there was a dual primality and whether prima facie, a case is made out against him," Sharma said.

28 DEC 2002

413 'TAINTED ALLOTMENTS' TO BE PROBED

SC quashes cancellation of petrol pump allotments

By J. Venkatesan

NEW DELHI, DEC. 20. Strongly indicting the Central Government, the Supreme Court today quashed the omnibus notification issued by it on August 9 cancelling all the 3,760 allotments (except 413 cases) of petrol pumps, gas and kerosene dealerships made after January 2000. It held that the notification was "arbitrary" and was a "panic reaction" of the Government.

A Bench, comprising Justice Y.K. Sabharwal and Justice H.K. Sema, also appointed a two-member committee, comprising Justice S.C. Agrawal, retired judge of the apex court, and Justice P.K. Bahri, retired judge of the Delhi High Court, to probe the 413 cases of "tainted allotments" and submit a report in three months.

(Out of 3,760 allotments, in 2,248 cases agreements were signed between oil companies and letters of intent (LOI) holders and the remaining LOI holders were in the process of completing the requisite formalities when the impugned order was issued.)

The Bench, however, did not accept the contention of the allottees that the notification was the result of a relative of the Prime Minister, Atal Behari Vajpayee, being involved.

The court reminded the Government that the "role model for governance and decision taken thereof should manifest equity, fair play and justice... The Government has to rise above the nexus of vested interests and nepotism and eschew window-dressing".

The Bench said that though Mr. Vajpayee's decision might look legitimate, the reasons were not based on values but were

meant to achieve popular accolades and such a decision could not be allowed to operate.

The Government should not have exercised the power to escape the scrutiny of allotments exposed by the media. No arbitrary exercise of power should intervene to prevent the attainment of justice.

Instead of passing the impugned order, the Government should have ordered an independent probe.

The Bench said that no case was examined, not even from a prima facie angle, to find out whether there was any substance in the media exposure. None examined the likely impact of the en masse cancellation.

After the allotments many had resigned their jobs, had taken huge loans; many were SCs/STs, war widows and those whose near relation had died as a result of terrorist activities.

The Bench wondered "how could all those large number against whom there was not even an insinuation be clubbed with a handful of those who were said to have been allotted these dealerships on account of political connection and patronage. The two were clearly unequals. The rotten apples cannot be equated with good apples".

"The solution resorting to cancellation of all was worse than the problem. Cure was worse than the disease. To put both the categories of tainted and the rest on a par is wholly unjustified, arbitrary, unconstitutional being violative of Article 14 of the Constitution".

The judges said the notification had the twin effect of scuttling the probe and depriving a large number of others of their

livelihood that had been ensured for them after due selections pursuant to a welfare policy of the Government. The public had a right to know the circumstances under which their elected representatives got the outlets and/or dealerships.

Giving a clean chit to the media, the Bench said that if a hue and cry was made that certain allotments had been made to MPs, MLAs or their wives or relations, the public, media and the Opposition would be justified in raising an eyebrow.

"The mere reason that a controversy has been raised by itself cannot clothe the Government with the power to pass such a drastic order which has a devastating effect on a large number of people," the Bench said.

The Bench held that the impugned action was clearly against fair play, unreasonable, arbitrary and taken without application of mind.

The Bench directed the Petroleum Ministry, the Union Government and the four oil companies to render full, complete and meaningful assistance and cooperation to the committee and produce before it all the relevant records within five days. The Ministry was directed to appoint a Nodal Officer not below the rank of a Joint Secretary for the purpose.

If the committee, on preliminary examination, formed an opinion that the allotment was made on merit, it would be open to the committee not to proceed with the probe in detail.

A copy of this judgment was directed to be sent to all the High Courts so that the writ petitions, if any, pending there could be disposed of in terms of this order.

2 1 DEC 2002

THE HINDU

SC quashes PM order on pump cancellations

Statesman News Service & PTI

NEW DELHI, Dec. 20. — It is virtually status quo on the allotment of dealerships for 3,760 petrol pumps. The Supreme Court (coram, Sabharwal, Sema, JJ) today overruled the Centre's decision on the cancellation of the dealerships, something senior officials appeared pleased with.

The Prime Minister had cancelled 3,760 petrol pump and petroleum product dealerships, allotted since January 2000, after an uproar in Parliament over alleged political favouritism. The court said the decision was taken "without any application of mind, visualising the enormity of its impact and without any scrutiny." The court said: "The August 9 order, looked from any angle, cannot stand the scrutiny of law".

The dealerships were cancelled "merely because there was allegation of political favouritism in the allotments of only 417 cases", the court said. This was "a cure which was worse than the disease". The Bench asked the retired Supreme Court judge, Mr SC Aggarwal, and a retired Delhi High Court judge, Mr PK Bahri, to examine the 417 controversial allotments. The Centre will provide secretarial help, petroleum minister Mr Ram Naik said. The court's directives would be followed, he

said. The court has asked the Centre and four oil firms to hand over relevant records to the two-judge committee in five days. "If the committee, after preliminary examination, finds no substance in the allegations, it will be free to close the case," the Bench said.

Some officials welcomed the decision; one of them saying justice had been done to people of modest means who had been allotted the pumps — a third of them being women. Some are widows of Army personnel. Now, 3,353 pumps will be handed over. Altogether 3,760 commissioned and non-commissioned pumps are involved. In 214 cases, the letter of intent has not been issued. Apart from the 417 controversial cases, the business of distributing them will begin.

The court said Mr Atal Behari Vajpayee's decision had "the effect of scuttling (the) probe into the allegations of political favouritism

and bringing hardship to those who were allotted dealerships in accordance with law... If there are allegations of political favouritism, the government should have inquired into them and wherever the allegations are substantiated it would have been justified to cancel them." In most cases, the allotments were straight-forward and in some cases, people,



Distributors/ Dealers

- 2,298: Numbers commissioned
- 1,298: Numbers not commissioned
- 214: Numbers selected but for which letters of intent have not been given
- 417: Numbers the Supreme Court wants investigated
- 2,248 out of 233,238, that is, 7 per cent agencies affected. This includes 5 per cent of all retail outlets and 15 per cent of LPG distributorships

Turn to page 2

Opp raps JPC over Sinha clean chit

Don't politicise issue, says Tripathi

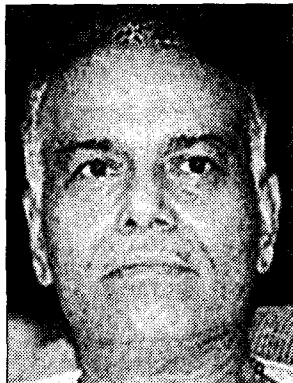
HT Correspondent
New Delhi, December 20

A DAY after the Joint Parliamentary Committee's report that probed last year's stock scam and UTI's collapse was made public, the Opposition charged its chairman and BJP MP Prakash Mani Tripathi with "breach of trust and faith" for giving a clean chit to then Finance Minister Yashwant Sinha.

The Opposition also demanded Sinha's resignation for what they termed acts of "omission and commission" when he was at the helm of the Finance Ministry which, according to the JPC, shared responsibility along with other agencies for the securities scam and the UTI collapse.

Tripathi on his part accused the Opposition of "politicising" the JPC report, saying that the words "clean chit" were not used by him when he addressed a news conference on Thursday.

"The report was politicised after it was tabled in Parliament on Thursday.. The Opposition is responsi-



Yashwant Sinha
Happy ending

ble for having trashed it by demanding Sinha's resignation even before I held the news conference."

Raising the issue, first during Question Hour and then Zero Hour, Congress' Mani Shankar Aiyer, who was a JPC member, said "nowhere in the report is it mentioned that the then Finance Minister has been given a clean chit."

Initially Speaker Manohar Joshi disallowed suspension of Question Hour, as demanded by the Congress and the Left parties, but gave the

floor to Aiyer during Zero Hour. Launching a tirade against the Government in general and Tripathi in particular, Aiyer said that some of his colleagues on the JPC and he were "shocked" by Tripathi's "clean chit" to Sinha.

"It (clean chit) is a construction by the JPC chairman himself. The report is replete with indictments against the Finance Ministry, besides several instances of acts of omission and commission," the Congress Member said.

Aiyer insisted that "there can be no Ministry without the Minister who alone is responsible and accountable to Parliament, adding that the report contained details of how Sinha "misled" the Rajya Sabha on the Calcutta Stock Exchange payment crisis and the UTI fiasco.

The JPC issue also figured in the Rajya Sabha, where Congress member Kapil Sibal asserted that as the report held the Finance Ministry accountable, the Minister who headed it was alone responsible to Parliament.

2 1 DEC 2002

THE HINDUSTAN TIMES

UTI FIASCO: SINHA SPARED, EX-FINANCE SECY. INDICTED

JPC blames Parekh, nexus for stock scam

By K.V. Prasad

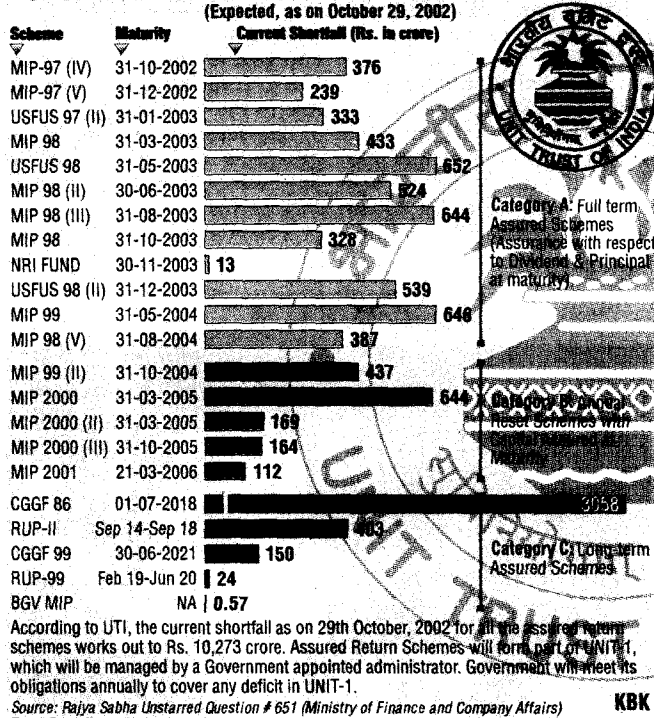
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NEW DELHI, DEC. 19. The Reserve Bank of India and the Securities and Exchange Board of India have been indicted by the Joint Parliamentary Committee which probed the stock market scam. The report has no direct reference to the role of the then Union Finance Minister, Yashwant Sinha, but is critical of the Ministry and the then Finance Secretary, Ajit Kumar, for the UTI fiasco.

In its unanimous 435-page report to Parliament, the JPC said there was a nexus between the stock broker, Ketan Parekh, banks and corporate houses. And it recommended that the nexus be probed further by the SEBI or the Department of Company Affairs. The JPC was constituted in April 2001. The 30-member committee, headed by Prakash Mani Tripathi, said the scam was a manipulation of the capital market for the benefit of market operators, brokers, corporate entities and their promoters and managements. Some banks, notably private and cooperative banks, stock exchanges, overseas corporate bodies and financial institutions had been willing facilitators in the exercise.

"The scam lies not in the rise and fall of prices in the stock market, but in large-scale ma-

SHORTFALL OF ASSURED RETURN SCHEMES OF UTI



nipulations like diversion of funds, fraudulent use of bank funds, use of public funds by institutions like the Unit Trust of India, violation of risk norms on the stock exchanges and banks, and use of funds coming through overseas corporate bodies to transfer stock holdings and stock market profits

out of the country. These went largely unnoticed," the report said.

Referring to the 1992 JPC recommendations, it said the lack of progress in implementing them had "emboldened wrongdoers and unscrupulous elements to indulge in financial misconduct." Expressing con-

cern over the manner in which supervisory authorities and regulators exercised their responsibility, the JPC suggested the setting up of a statutory supervisory body.

Though there were valid reasons to believe that the corporate house-broker-foreign institutional investors nexus played havoc in the Indian capital market through fraudulent manipulation of prices at the cost of small investors, the JPC was "severely handicapped" in making purposeful recommendations as it did not get enough material from the regulators, it said. Referring to the functioning of bourses, especially the payment crisis faced by the Calcutta Stock Exchange, the committee said SEBI should evolve an effective system of compliance with inspection findings. "It was SEBI's job to ferret out the irregularities and defuse them before they blew up. This was the primary job of SEBI which it failed to do in time."

On the redemption crisis faced by the UTI in June, 2001, the JPC put the then Finance Secretary, Ajit Kumar, in the dock for not acting promptly or bringing the problem to the Minister's notice. "The Secretary considered the problem in a routine and casual manner which is not expected of an officer of his rank," the report said.

Cong. demands Sinha's resignation

By Anita Joshua

NEW DELHI, DEC. 19. Within hours of the Joint Parliamentary Committee tabling its report on the stock market scam, the Congress today demanded the resignation of the External Affairs Minister, Yashwant Sinha; stating that the findings were a "damning indictment" of his role as the then Finance Minister.

Citing precedence, the Congress spokesman, S. Jaipal Reddy, said the former Finance Minister, Manmohan Singh, offered to resign in the wake of the JPC report on the 1992 stock market scam. "We want them to apply the same principle they had expected

of the Congress Government then." He particularly underlined the fact that seven members of the JPC which probed the 1992 scam. "Mr. Sinha himself was a member of that JPC."

"The Congress, however, was not hopeful of heads rolling as a result of the JPC's findings. "There have been several instances when the Opposition has demanded that NDA Ministers take moral responsibility and resign, but in vain. We have no reason to believe that Mr. Sinha will be any different. But, we will mount pressure on the Government," said Kapil Sibal, member of the JPC. Another Congress member of the com-

mittee, Mani Shankar Aiyar, quoted extensively from the report to fix responsibility on Mr. Sinha. The party maintained that Mr. Sinha's indictment was more severe as there was unanimity within the committee.

However, the JPC chairman, Prakash Mani Tripathi — who belongs to the BJP — gave the Minister a clean chit and dismissed the views expressed by Mr. Sibal and Mr. Aiyar as "political statements" and added that "there is a difference between the report and the political statement."

An unfazed Mr. Sinha, speaking to reporters soon after the Congress demanded his resignation, asked: "What else do you expect from the Opposition?"

'MINISTRY, NOT MINISTER, GUILTY IN UTI'

Parekh 'key' in stocks scam

Statesman News Service

NEW DELHI, Dec. 19. — The Joint Parliamentary Committee appears to have finessed the responsibility of former finance minister Mr Yashwant Sinha, but blamed Ketan Parekh, the finance ministry, Sebi and the Calcutta Stock Exchange for inadequate handling of the stock market and the UTI scam.

The 30-member JPC, set up in April 2001 to probe the stock market crash and UTI's US-64 scheme meltdown, tabled its report in Parliament today.

"Although action has been taken by the finance ministry and the Sebi when the stock market was rising unusually, the committee is of the considered view that both these should have been more proactive and vigilant," said the two-volume, 624-page report, called 'Report of the Joint Committee on Stock

Market Scam and Matters Relating Thereto'.

The JPC held stock broker Ketan Parekh responsible for the market crash, the payment problem at the Calcutta Stock

Exchange and the crash of the Madhavpura Mercantile Cooperative Bank.

"The committee finds that Ketan Parekh was a key person involved in all dimensions of the stock market scam which surfaced in March 2001, as also in payments problem in the Calcutta Stock Exchange and the crash of the Madhavpura Mercantile Cooperative Bank," the JPC report said.

The JPC, headed by Mr Sri Prakash Mani Tripathi, put the blame for the market scam on regulatory bodies which "failed in exercising prudent supervision" on the activities of the stock market and banking transactions.

Others responsible for the scam in "various degrees" were financial institutions, banks, registrars of Cooperative Societies, corporate entities and their promoters and

What should have been done

■The finance ministry should have been more proactive and vigilant in recognising that liberalisation requires strong and effective regulation, and greater autonomy for regulators must go hand in hand with their accountability.

■Finance secretary Mr Ajit Kumar dealt with the issues related to the UTI in a casual manner which is not expected from an official of his rank.

RECOMMENDATIONS:

■Parekh received large sums of money from banks and corporate bodies when the Sensex was falling sharply, indicating a bearish market.

■Wrong done by the private sector, particularly in the case of the Private sector, should have been watched, specially in the case of management and persons related

Turn to page 2

The Politics of Bofors!

Prime Minister Mahathir Muhammad of Malaysia said it all when he asserted that his Italian counterpart Silvio Berlusconi, a man with a past, was perfectly entitled to write to him on a matter actively before the High Court in Kuala Lumpur, pleading for Ottavio Quattrocchi, intimate friend of Rajiv and Sonia Gandhi and an accused in the Bofors case. Mahathir holds that one prime minister can write to another but when he says orders are passed by the High Court, he is being facetious. Malaysia is an economic tiger, like Singapore; it is not seen either as a free press or independent judiciary, country. Let me hasten to add that no reflection is intended on any government. As Shakespeare would say: *There is nothing either good or bad but thinking makes it so!*

There are aspects of Quattrocchi's involvement in Bofors that need recount. It is not disputed that on 3rd September 1986, within six months of Rajiv's deal, he received \$7.334 million directly from Bofors in the account of AE Services, set up for the purpose in Nordfinancebank of Zurich, by him and wife Maria. On 16th September he moves \$7million to Account No 254561.60 in Union Bank of Switzerland, in the name of

Colbar Investments operated by him and wife. On 29th September a further transfer of \$123,900 takes place to Colbar's account. On 25th July 1988, two years later, \$7.94 million (with interest), moves to Wetelsen Overseas SA's account in the same bank also operated by him and wife. On 21st May 1990, another two years later, the entire amount, by now \$9.2 million, moves to an account with Ansbachar Ltd in Guernsey, Channel Islands. If the money was Quattrocchi's absolutely why such pains to lose the trail? He seems to admit as much but insists it is outside the jurisdiction and no concern of Indian authorities. He says we want to malign Rajiv Gandhi!

After Swiss authorities disclose that Quattrocchi with six others, including Hinduja, were appellants in Swiss courts, he continues to be a protected species in Delhi, golfing, lunching at Delhi Gymkhana Club and confident that he would not be interrogated. When stopped at airport Immigration on 29th July, 1993, Margaret Alva, minister in Rao's government and a known acolyte of the Gandhi family, rushes there and orders CBI to let

him go, quoting Rao. The brazen interference is recorded on CBI files. As minister for the CBI, she later waxes eloquent in Parliament, explaining, pouncing, counsel Rajendra Singh approaches the Supreme Court conveying his client's willingness to come to India

and appear before the CBI for two weeks, if he is not arrested. The Supreme Court (coram Navavati and Phukan JJ) issue appropriate orders. Sonia Gandhi takes fright and the same day a CWC meeting is held, to announce her decision to topple Vajpayee. Quattrocchi gets the message and in a statement from Kuala Lumpur on 23rd February 1999 repudiates Counsel and goes back on his undertaking, saying it was a *miscommunication*. On 26 March 1999 the Supreme Court express *strong disapproval* of Quattrocchi's conduct.

TELEPHONE TRAIL

September 3 1986

Within six months of the howitzer deal Ottavio Quattrocchi receives \$7.334 million directly from Bofors in an AE Services account set up for the purpose by him and his wife Maria at the Nordfinancebank, Zurich

September 16 1986

He moves \$7 million to Account No. 254561.60 in Union Bank of Switzerland in the name of Colbar Investments operated by him and his wife

May 21 1990

The entire amount, now \$9.2 million, moves to an account with Ansbachar Ltd in Guernsey, Channel Islands

July 25 1988

\$7.94 million (with interest) moves to Wetelsen Overseas SA's account in the same bank also operated by him and his wife

September 29 1986

A further transfer of \$123,900 takes place to the Colbar account



leave in the first place! I rked by the red corner notice issued by Interpol and with his passport impounded, Quattrocchi's respected message and in a statement from Kuala Lumpur on 23rd February 1999 repudiates Counsel and goes back on his undertaking, saying it was a *miscommunication*. On 26 March 1999 the Supreme Court express *strong disapproval* of Quattrocchi's conduct.

It is time to draw conclusions. Berlusconi would hardly exert himself on behalf of a fugitive from justice even if Italian. But it is a different matter if he senses that another Italian, in danger of becoming prime minister of India, would be affected by Quattrocchi's disclosures. A recent Caveat records how the Supreme Court's final Order (coram Kirpal, CJ, Balakrishnan and Passayat, JJ) that the Hinduja trial proceed, is overturned by Chief Justice Pattanaik's bench with little ceremony and less conviction. Mahathir's concept of the rule of

law is his own; the manner in which he got his courts to put away one time deputy, turned rival, Anwar Ibrahim, was instructive. Having ourselves let Quattrocchi go in 1993, it can be no surprise that Malaysia sets him free on a Friday and their Supreme Court orders the impounding of his passport the following Monday after he has arrived safely in Milan.

The bottom line is that the first family must be saved — at any cost. Five prime ministers, Chandra Shekhar, Rao, Gowda, Gujral — even Vajpayee have helped the Hinduja in abuse of power, the last with a wink and a nod. How do we expect others to believe that we respect equality before the law? What Equality? What Law?

The last word belongs to two independent witnesses. The highly respected Chairman of Nobel Industries, the holding company of Bofors, Lars Eric Thufholm, publicly stated that *he could not guarantee that the Bofors deal with India*. Andres Bjork, Vice-Chairman, Constitution Committee of the Swedish Parliament said that *the classified documents made available to the Committee showed that the contract with Bofors involved the Gandhi family*.

I rest my case.

comprisa

19/11/98 SM

Quattrocchi off to Italy

Statesman News Service

NEW DELHI, Dec. 16. — Mr Ottavio Quattrocchi has slipped away again, this time from Malaysia to Italy over the weekend and in time to miss the hearing at the court of appeals in Kuala Lumpur. The court today directed the Italian businessman to deposit his passport but the direction came a day too late.

Just as he had slipped out of India in July 1993 when news broke out that he was one of the seven people asked to file an appeal in the Swiss Federal Court against a judicial order to transfer key bank documents to the CBI, Mr Quattrocchi left Kuala Lumpur before the court order came. Indian government sources said his lawyer had reportedly told journalists last week that Mr Quattrocchi would stay in Malaysia till at least Tuesday.

"I thought everything was over in Kuala Lumpur. I left on Saturday because my daughter wanted to meet me. I will return as per my plan," he told PTI in Kuala Lumpur. His plan, CBI officers here said, would depend on the outcome of the agency's appeal pending before Mr Justice Hamid Mohammed. "We may have lost him," an official said, certain that Mr Quattrocchi would not return to Malaysia if the agency won the case.

And Italy will be unwilling to go out of its way to help India. Not when Italian Prime Minister Mr Silvio Berlusconi has been pressuring his Malaysian counterpart to go soft on Mr Quattrocchi. Reacting to a report in The Statesman, the Malaysian Prime Minister, Mr Mahathir Mohammed, had acknowledged that Mr Berlusconi wanted him to intervene in the businessman's favour. The CBI says it will nevertheless try every route it can.

"We have asked the authorities in Malaysia to take measures to get him and alerted Interpol to track his movements," a CBI official said, pointing out that the agency had not received information of Mr Quattrocchi leaving Malaysia through official channels.

17 DEC 2002

THE STATESMAN

One Punjab judge exonerated

By J. Venkatesan

copy file
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NEW DELHI, DEC. 14. In a significant development, the Chief Justice of India, G. B. Pattanaik, is believed to have exonerated one of the three tainted Punjab High Court Judges against whom the in-house committee found enough material to show that they had used "undue influence" and "misused their official position" to get jobs for their children and friends in the Punjab Public Service Commission.

Sources said that Justice M. L. Singhal seemed to have been reprimanded and warned by the CJI to be more careful in future. This decision was taken in view of the fact he was due to retire in March next year. However, the other two judges, Justice Amarbir Singh and Justice Mehtab Singh Gill, had been advised to proceed on leave pending further action.

The CJI's decision is a follow-up to the report submitted by the three-member committee, headed by the Chief Justice of the Andhra Pradesh High Court, A. R. Lakshmanan, on Decem-

ber 8. The charge which reportedly has been proved against these judges is that they used "undue influence" and "misused" their official position to get higher marks for their candidates, including their children, to obtain jobs in the Service Commission. However, all the beneficiaries have since resigned their jobs.

As per the "in-house" procedure, if there is substance in the allegations, the two judges have to resign their office or seek voluntary retirement; if they are unwilling to do so, the Chief Justice of the High Court concerned would be advised not to allocate any judicial work to them. The President and the Prime Minister would also be intimated that this was being done because the allegations against the judges have been found by the committee to be serious enough to warrant impeachment proceedings.

Meanwhile, there has been a demand from the Bar in the Punjab and Haryana High Court that the CJI who had taken swift action to arrive at the truth in the allegations against the three judges should make public the contents of the report.

DOUBLE BLOW FOR CASE ■ BENCH REVERSES ORDER

Supreme Court defers Bofors trial

Statesman News Service

NEW DELHI, Dec. 2. — The Supreme Court has stayed the trial of the Hinduja brothers in the Bofors kickbacks case. It was scheduled to open in a special court in Delhi on 4 December.

Rejecting solicitor-general Mr Kirit Rawal's strong arguments against putting off the trial, a three-member Bench (coram, Pattanaik CJ, Balakrishnan, Sinha JJ) directed that it be deferred till a plea on behalf of the Hindujas for a stay was disposed of.

The solicitor-general said he would need a week to file a response to the Hindujas' application, but the Chief Justice directed that the application be posted for hearing after four weeks.

Contending that it would be improper to proceed with the trial when its validity was being challenged, the Chief Justice directed that 11 March 2003 be fixed as the date on which a Bench headed by Mr Justice VN Khare would deal with the CBI's appeal against Delhi High Court's order quashing the case against the Hindujas.

The Bench didn't respond favourably to the solicitor-general's suggestion that a notice be issued to the attorney-general on the larger, general principle of the nature of the CBI's functioning being supervised by

the central vigilance commission.

Today's order, "modifying" the one issued on 12 July, virtually overturned the observation of a Bench headed by the previous Chief Justice, Mr BN Kirpal, that "we are holding that the High Court order was completely

The judicial back-blats

- Bofors trial, slated for 4 Dec, put on hold
- SC to hear Hindujas' application on 30 Dec on stay of trial
- Decision on resuming trial only after SC decides on Hindujas' plea
- SC to hear CBI appeal against HC judgment quashing charge-sheet on 11 March 2003
- No change in Hindujas' bail conditions

unsustainable and that proceedings in the trial court against the Hindujas would continue."

The line that was taken consistently by the Chief Justice today was that the trial shouldn't go ahead till the validity of the CBI charge-sheet was judicially settled. The High Court had quashed that charge-sheet on the ground that the CBI had not obtained CVC's sanction before filing it. "It would be a travesty of justice" for the trial to proceed, the Chief Justice said. He asked what would happen if the trial

ended in a conviction and then the Supreme Court upheld the High Court verdict.

He also pointed out that when the previous Bench admitted the special leave petition against the High Court order it didn't quash the order because obviously there were some legal points which required determination.

The proceedings in Court No. 1 were fiery with the solicitor-general not only opposing the Hindujas's application for a stay, but questioning the manner in which it had come before the court. "Is there a special provision for the Hindujas", Mr Kirit Rawal asked.

The matter, he said, had been "mentioned" on 29 November and the application filed the next day. Normally application is filed, mention follows. Mr Rawal said there had been no change in the situation from what prevailed when the court had cleared proceedings with the trial.

Quick to respond, the Hindujas' counsel Mr Ram Jethmalani said the solicitor-general's comment displayed contempt for the court.

He also accused the government of having stories planted in the press every time the case was due to come up in court.

The Chief Justice assured Mr Jethmalani that the court would not be influenced by what appeared in the press.

3 DEC 2002

MOVING FORWARD WITH THE BOFORS TRIAL

WITH THE REJECTION by the Special Court of the petition by the Hinduja brothers seeking their discharge, the Bofors case has reached a decisive stage. The Special Court verdict has nullified the concerted attempts by the Hinduja brothers to frustrate the investigation ever since the CBI came to possess documentary evidence pointing to their involvement (as recipients of commission from the arms manufacturer) in the deal. The Hindujas could stall the release of these documents for several years (since 1993) until the Swiss Federal Court dismissed their appeal in 1999. A decade had gone by then since the Bofors scandal was unravelled by the media. The Hinduja brothers relinquished Indian nationality soon after the documents pertaining to their coded accounts in the Swiss banks — Tulip, Lotus and Mont Blanc — into which deposits were made by the Swedish gun manufacturer between May and December 1986 (the same time when the Bofors deal was clinched) were finally handed over to the CBI. The amount transferred during this period accounted for three per cent of the total contract amount, which indeed is the standard commission paid to agents (or middlemen) in arms deals. The Bofors deal, it may be recalled, had an understanding that there was no scope for middlemen.

The Special Court verdict, delivered after the hearing of the CBI chargesheet against the three brothers during which the court was convinced of *prima facie* evidence of their involvement in the 155mm Howitzer deal, is indeed a shot in the arm for the investigating agency. This, however, is only the beginning. The very fact that the Hinduja brothers had managed to delay the commencement of trial for so long and that they could delay the CBI gaining access to the documents relating to their accounts restrains any hope of a quick resolution. The suspects in the Bofors payoff trail, after all, are not just the Hinduja brothers.

True, the decision by the CBI in October 2000 to file a supplementary chargesheet implicating the Hindujas — Gopichand, Srichand and Prakash — in addition to the earlier one naming Ottavio Quattrocchi, his wife Maria Quattrocchi, Win Chadha and his wife (both of them not alive now) may facilitate the commencement of the trial against the Hinduja brothers at this stage. But then, the Bofors conspiracy will be unravelled completely only after Mr. Quattrocchi, now in Malaysia, is also extradited to face trial in the Special Court. Mr. Quattrocchi, it may be recalled, had managed to leave India within days after the Swiss Courts had released the names of the appellants against transmission of the bank documents pertaining to the Bofors payments, which included Quattrocchi and Maria Quattrocchi.

The Quattrocchi trial, which is now held up while the Malaysian courts decide on extradition proceedings (after the CBI managed to arrest him in Malaysia in December 2000), is one more critical link in the Bofors case. The CBI chargesheet implicating the former employee of Snam Progetti contains documents that claim to establish his "connections" with the then Prime Minister, Rajiv Gandhi, and his family; there is a direct reference in the chargesheet that the 155 mm Howitzer deal between AE Bofors Inc. and the Government of India was clinched only because the gun manufacturer had managed the services of someone who was a friend of the then Prime Minister. This has invested the trial (and the examination of Mr. Quattrocchi) with a sense of importance. True, the CBI has a long way to go before the beneficiaries of the Bofors deal are brought to book. But then, the order by the Special Court for framing of charges against the Hinduja brothers now suggests, *prima facie*, the involvement of middlemen in the deal as against the contention to the contrary all these days.

16 NOV 2002

SEE HINDU

Court orders framing of charges in Bofors case

By J. Venkatesan

Corruption 10-1

NEW DELHI, NOV. 14. Rejecting their plea for being discharged from the 'Rs. 64 crore Bofors payoff case', a special court here today ordered the framing of charges against the three Hinduja brothers — Srichand, Gopichand and Prakashchand — holding that there was a prima facie case to proceed with the trial.

The Special Judge, Prem Kumar, in his order, held that the three "prima facie accused persons" were liable to be charged for offences under IPC Sec. 120 B (conspiracy), 420 (cheating) and Sec. 5 (1) (d) (misconduct by public servant) and 5 (2) (providing for punishment) of the Prevention of Corruption Act, 1947 (corresponding to 13 (1) (d) read with 13 (2) in the 1988 Act).

The Judge said he would frame the charges tomorrow when he would ask the accused whether they would plead guilty or claim trial. When counsel for the Hindujas wanted the court to defer framing of charges to November 20, the Judge said that "there is a Supreme Court order for day-to-day trial of the case".

He told counsel that he would proceed with framing of charges even in the absence of the accused by recording the statements of their advocates. (By virtue of the Supreme Court order granting them bail, all the brothers had left the country to celebrate Diwali with their families).

With this order, the CBI got a shot in the arm in this 12-year-old case in which two of the key accused, the former Defence Secretary, Bhatnagar and the Dubai-based businessman, Win Chadda, died during the pendency of the proceedings. Extradition proceedings are on against another Italian-based accused, Ottavio Quattrocchi, who is now in Malaysia. The Judge held that the Hindujas had received bribe money of SEK 80,797,709.92 from AB Bofors and they intentionally aided and facilitated the commission of the bribe by receiving the said amount.

The Judge said the "clandestine manner of pay-

ment was adopted in this defence deal by the high and mighty involved in this case, to ward off obvious dangers of ruining political and public life involved in payment through open sources on exposure besides difficulties and complications in keeping such huge money. Layers of secrecy and privacy are thus laid to achieve the desired ends. Receivers of bribe money like the Hindujas are also liable under IPC Sec. 161 (offering illegal gratification to a public servant) read with Sec. 165-A (abetment)".

Referring to the role played by the company AB Bofors, the Judge said "AB Bofors is the bribe giver. The voluntary giver of a bribe to gain some advantage is an abettor and hence an accomplice. This is plainly so, on the ground that he intentionally aids the commission of the offence inasmuch as he intends the bribe to be taken and that the giving of the bribe facilitates the taking thereof". The Judge also pulled up Bofors for refusing to cooperate with a view to concealing the truth regarding recipients of kickbacks. It even gave false information regarding existence of a company by name Moineao, registered in Switzerland but there was no company by this name. Further, Bofors also created false and fabricated documents to deflect the course of the investigation. "Hence AB Bofors is also prima facie liable for offence under Sections 161 and 165-A IPC," the Judge said.

The Judge noted that the purpose of creating false documents was to give an impression that settlement with agents had been made and they had been paid settlement/winding-up charges which had been the case of Bofors before the Joint Parliamentary Committee of Parliament.

In its chargesheet filed in October 2000, the CBI had accused the Hinduja brothers of taking an illegal commission to the tune of Rs. 16 crores from Bofors for helping the company bag the Rs. 1437.72 crore contract for the supply of 400 (155mm) howitzer gun to the Indian Army in March 1986. Denying all the charges, the Hindujas prayed for discharging them from the case.

CENTRE JUSTIFIES CANCELLATION

SC for probe into 'political' allotments of petrol pumps

By J. Venkatesan

Complete HD-1

NEW DELHI, NOV. 12. Even as the Centre justified the 'omnibus' cancellation of petrol pump allotments, the Supreme Court today indicated that it would like to include certain cases of 'political' allotments highlighted in the media while hearing the legality of the August 9 notification cancelling the allotments made since January 2000.

A Bench, comprising Justice Y.K. Sabharwal and Justice H.K. Sema, posted for December 11 for final hearing all petitions challenging the Government's notification.

In the meantime, the Bench asked the Solicitor-General, Kirit Raval, to identify the allotments "exposed by the media" and mention before the court for including them for hearing along with the 11 representative cases (transferred from a batch of petitions filed before various High Courts) decided in the apex court's order on August 28. The court, while staying the Centre's notification, had directed the Government to return the cancelled allotments to the dealers within two weeks. It said that 'status quo' order would be applicable to 2248 cases where the dealerships and agencies

16/11

were commissioned. Today, the Bench made it clear that it would not modify its August 28 order but asked counsel for the parties to consult Mr. Raval to include some more 'representative cases' to be included for hearing and asked the parties to file their replies and rejoinders by December 11. When the Bench wanted to know from Mr. Raval whether the Government had examined the files before taking the decision to cancel the allotments, he said a policy decision of this nature would not have been taken without some examination.

He, however, said he had no knowledge of the kind of examination done by the Government. Justifying the decision, he made it clear that the Government was ready to face any kind of inquiry and judicial examination to prove its bona fides. He said "what the Government has done was it cancelled all allotments. There would have been some cases which would have been allotted fairly".

In an obvious reference to 'Satish Sharma's case', the Bench observed that "those were stereotype allotments without any application of mind". And they were even made because some were from a particular

constituency. But, the Bench noted that "in those allotments also we found some to be done fairly and we segregated them from those which were allotted without any basis". In its affidavit, the Centre submitted that a controversy arose in a section of the media on the allotment of petrol pumps and gas and kerosene dealerships, and the proceedings of Parliament were stalled for several days.

The Government said that to maintain its clean image, it considered various options and decided to cancel all the allotments to restore the people's confidence in the selection process. Further, such a measure was taken without any desire to favour or harm somebody and without any ulterior motive. The Government also submitted that a compensation package would be evolved and implemented by the oil company to the allottees after they legally established the investments made by them on the advice of the oil company. Contending that the petitioners had no legal right which could be enforced, the Centre prayed for upholding the August 9 notification and dismissal of all the petitions pending in various High Courts.

1 3 NOV 2002

'ADVANCE NOTICE SHOULD HAVE BEEN GIVEN'

SC stays Centre's order cancelling petrol pump dealerships

By J. Venkatesan

NEW DELHI, AUG. 28. The Supreme Court today stayed the Central Government's omnibus notification issued on August 9 cancelling petrol pump, liquefied petroleum gas (cooking gas) and kerosene dealerships allotted since January 2000.

(After the petrol pump scandal broke out and the Opposition made it a major issue in Parliament, the Prime Minister, Atal Behari Vajpayee, ordered the cancellation of all petrol

pump, gas and kerosene agency allotments on August 5. And the Centre issued a notification on August 9 cancelling 3,546 allotments).

A three-judge Bench, comprising the Chief Justice, B.N. Kirpal, Justice K.G. Balakrishnan and Justice Arijit Pasayat, while ordering "status quo" as on August 9, faulted the Government for not giving any notice to the dealers before cancelling the allotments.

Passing interim orders on the Centre's petition seeking the

transfer of all the cases pending before the various High Courts to the Supreme Court, the Bench made it clear that the "status quo" order would be applicable only to 2,248 retail outlets, which had been commissioned. "As a result thereof, the dealers and distributors shall continue to operate their dealerships or distributorships as per their original contract or agreement with the oil companies concerned." It would not apply to the 1,298 cases, which were yet to be commissioned and in which the oil companies had issued only letters of intent. But, that the letters of intent should not be allotted to anyone pending disposal of the transfer petition.

As for the 463 outlets which had been taken possession of by the oil companies after the cancellation order, the Bench directed that the possession be restored to the dealers as expeditiously as possible but not later than two weeks. They should maintain proper accounts and continue to operate their business as per their original contract with the oil companies, the Bench said. It also made it clear that its interim orders would supersede all the interim orders passed by the High Courts or subordinate courts across the country.

Earlier, the Additional Solicitor-General, Kirit Raval, submitted that the Government had taken the decision only after due deliberation in view of the controversy surrounding the selection. But the Bench said that "you have taken the decision after due deliberation but what prevented you from issuing a notice to a person before taking away his livelihood? Who will pay the instalments for repayment of the loans he has taken? If the reason for cancellation is fraud, we have no sympathy for them but that is not the case here."

The Bench directed the transfer of 11 representative cases from the High Courts of Delhi, Rajasthan, Madhya Pradesh, Bombay and Gujarat and fixed November 12 for a final hearing of the cases. It stayed all the proceedings in the writ petitions pending in various High Courts.

No ordinance to terminate allotments: Ram Naik

By Our Special Correspondent

NEW DELHI, AUG. 28. The Centre today ruled out any immediate move to issue an ordinance for terminating the allotment of petrol pumps, gas agencies and kerosene dealerships, cancellation of which has been stayed by the Supreme Court.

Disclosing this, the Petroleum Minister, Ram Naik, said there was no urgency to give a statutory backing to the Prime Minister's order terminating all the allotments since January 2000.

The Cabinet had considered the proposal last week but decided to put it in abeyance.

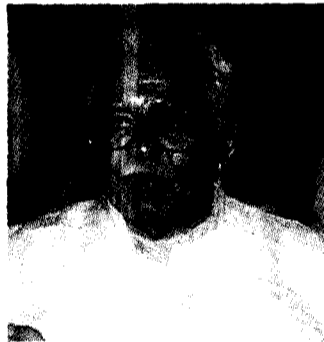
Reacting to the Supreme Court ruling, he said it was an interim arrangement.

"The merits of our (termination) order will be considered when the case comes up for hearing in November."

The court's decision would be followed up by restoring supplies to all the 2,248 petrol pumps, gas agencies and kerosene dealerships.

But the Government would defend its decision in the court.

The decision had been taken in the "public interest and on moral grounds" as a result of the controversy and the Opposition outcry, and



the stalling of the parliamentary proceedings.

The Government, meanwhile, had received 45 bids for 23 oil and gas exploration blocks on offer under the third round of the New Exploration Licensing Policy (NELP).

The public sector Oil and Natural Gas Corporation had put in bids for 23 blocks out of the 27 on offer, while the Reliance Industries in consortium with the Hardy Oil of the U.K. had bid for 15 blocks.

The third round of bidding, which closed today, had the same bidders as before, including the Scottish company, Cairn Energy, Premier Oil and Geo Global Resources of Canada being the only foreign companies besides the Hardy Oil.

Mr. Naik said the bids would be finalised in 10 weeks and that the contracts were likely to be signed by January end.

29 AUG 2002

Petrol Pump Scam

Privatisation is Not the Answer

By Prashant Bhushan

5/14
19/8

The recent disclosures about the manner in which top BJP functionaries and their associates grabbed petrol pumps and gas agencies has left 'the party with a difference' bereft of even a pretence of integrity. The only difference between the BJP and the Congress is that the former has achieved in three years what the latter could achieve only in 40. In its haste to grab as many slices of the power cake as possible, the BJP has systematically tried to subvert institutions, including investigative agencies such as the CBI, the SEBI and the Income Tax department, and academic bodies like the ICSSR, the ICHR, the NCERT and the UGC. Pressure has been brought to bear on independent constitutional authorities like the Election Commission.

Indeed, the pump scam shows how even the judiciary has not been spared. Petroleum minister Ram Naik has tried to hide behind the robes of the judiciary by saying that the allotments had been made by panels chaired by retired judges. What he omitted to mention was that the judges were hand-picked by him and were at his mercy since their appointment was terminable at his pleasure. Several of the judges were replaced shortly after appointment because they refused to play ball.

However, the fact that many judges 'succumbed' points to the need for urgent reforms in the selection and appointment of judges and for securing judicial accountability. It also shows how a lack of transparency allows those in power to manipulate the system. Had the procedure for the selection of members of the oil selection boards or of dealers by the boards themselves been transparent and known to the public, the scam might have been busted long ago.

Yet the draft bill on the right to information is so weak that, even when enacted, it will not serve much purpose. The bill will continue to treat "file notings", "inter-office correspondence" etc as classified information. The way in which the oil selection boards chose the allottees would still remain classified as "file notings". Moreover, the bill contains no provision for penalising officers who, for mala fide reasons, refuse to disclose information.

More distressing, however, is the lesson being sought to be drawn from this scam by some, namely, that it should lead to a disinvestment in oil companies by the government. The argument is that the government, being incorrigibly corrupt, cannot be trusted to make fair allotments. To examine its validity, let's go to the root of the problem: a 'corrupt' petroleum ministry. Should we then privatise the petroleum ministry? And the judiciary because the judges behaved 'improperly' in this case? By extension, shouldn't we privatise the police too since it's

known to be corrupt? This, at any rate, is implied in the argument.

But wasn't that the case before civil society came together to form governments and create institutions which would regulate its affairs? Wasn't everything 'private' at that time and might right? Surely, that's what it will come to again if the privatisers have their way. Monopolistic corporations will then rule the world. If infrastructure sectors like water, electricity and oil, which are monopolistic by nature, are privatised, then these basic facilities will be available only to those who can afford to pay and denied to the poor. This is exactly what the privatisers and their international sponsors (read the World Bank and IMF) want: A world where financial muscle will rule.

And if the government itself is corrupt, why would the process of disinvestment be any less so? Should we be less concerned about a corrupt government handing over assets worth lakhs of crores belonging to a public oil company to a private one? Even assuming that the process of disinvestment is not corrupt, how do we prevent a monopolistic private oil company from acting against consumer interests? The privatisers glibly argue that the problem will be taken care of by having a regulator. But is it

reasonable to assume that the regulator will be any less corrupt than the government itself? Imagine the enormous incentives the private companies would have in increasing their profits by corrupting the regulator. Enron is a stark example of how a supposedly efficient private company managed to

produce and sell power to a state electricity board at three times the rates charged by public sector companies. When the cost of power shot up 10 times in California after the power utilities were privatised, the governor complained how the regulatory authorities had done nothing to check this rampant loot.

Unfortunately, there are no short cuts to dealing with corruption. We can't do it simply by getting rid of the government as suggested by the votaries of privatisation. Privatisation is desirable in sectors where a free market is possible. But privatisation of infrastructure sectors, such as electricity, water and oil, will lead to the creation of private monopolies and eventually the subordination of public interest to private greed.

The only way to tackle corruption is to improve transparency in the functioning of the government and ensuring the accountability of all public servants, including the judges. What the privatisers are suggesting will lead to the dismantling of all institutions of governance, and take us back to Hobbes' state of nature. The only difference: Instead of the state, private global corporations will rule the world.

IN BRIEF

- Petrol pump scam shows how the BJP is trying to subvert the system
- The key to preventing the recurrence of such scams lies in making governance transparent

18 5 AUG 02

SATURDAY, AUGUST 17, 2002

CANCELLATION AND CONTROVERSY

17/8 10-10
IT OUGHT TO have been clear from the very beginning that cancellation was hardly the appropriate way of dealing with the string of dubious allotments of gas stations, LPG agencies and kerosene oil outlets. It has resulted in exactly what was both feared and predicted — the so-called petrol pump scam becoming embroiled in court. Predictably, scores of people who secured allotments rushed to various courts challenging the Government's cancellation order. Given that the cancellation was effected without giving the allottees the opportunity of a hearing and given also that the sweeping order covered even genuine allottees, it was inevitable that the Centre's decision was stayed by a few High Courts. This left the Government with no option but to approach the Supreme Court with the request that all the writ petitions be transferred to the apex body for a common hearing.

Representatives of the Vajpayee Government had claimed that the act of cancellation was proof of its good faith. They had also suggested it reflected the Government's determination and courage to mend what was a possible wrongdoing. This may have had a ring of truth if the Government was also prepared to do what any honest administration should have done in the circumstances — institute a thorough and impartial inquiry into the whole matter. Among the things such an inquiry should have determined is how a major share of the allotments went to those within or those close to the ruling party. It should also have determined exactly which persons were responsible for permitting political patronage on such a massive scale to vitiate the entire system of selection. Rather than take further steps, the Government's response to the petrol pump scam has stopped with one cynical and unsatisfactory measure: cancellation.

Rather that deal squarely with the central

10-10
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issues thrown up by the petrol pump scam, the Vajpayee Government has pretended as if it has nothing to do with it. The entire burden of the Petroleum Minister, Ram Naik's oft-repeated song is that the allotment process was done by 'independent' Dealer Selection Boards, bodies over which the Government exercises no control except in certain limited matters. What this argument totally ignores is that a Minister who approved an allotment process and who appointed chairmen to the Dealer Selection Boards cannot suddenly disassociate himself from the process of selection when it throws up shocking results which reflect bias and political nepotism. One result of such stonewalling has been the continued stalling of both Houses of Parliament which eventually led to their being adjourned ahead of schedule.

At a legal level, the Centre now has the job of marshalling arguments in favour of the validity of its cancellation order. Prima facie, it would seem that any just solution to the immediate problem — whether or not to uphold the order rescinding the allotments — would have to distinguish between those who got the allotments because of nepotism and those who got them on the basis of sheer merit. However, at a pragmatic level, it is not going to be easy to make such a distinction — theoretically, it is possible for a 'political' allottee to have succeeded because of merit just as it is possible for a 'non-political' one to have secured an allotment through totally unfair or unrighteous means. The complications thrown up by the sweeping order cancelling all allotments are not, to say the very least, going to be easy to resolve. This is another reason why the petrol pump scam should have been dealt with in a manner which reflected a willingness to punish those responsible for it. And not merely in a manner which implies that the scam will be erased once the controversial allotments are rescinded.

17 AUG 2002

THE HINDU

SC notice to petrol pump allottees

By Our Special Correspondent

NEW DELHI, AUG. 14. The Supreme Court today issued notice on the Central Government's 'transfer petition' to those allottees of petrol pumps and gas agencies, who had challenged in various High Courts the August 9 omnibus notification cancelling their allotments. A three-judge Bench, comprising the Chief Justice, B.N. Kirpal, Justice K.G. Balakrishnan and Justice Arijit Pasayat, issued notice, when the Solicitor-General, Harish Salve, "mentioned" the Union Government's petition seeking transfer of all petitions pending before the various High Courts either to the Supreme Court or any High Court.

Even as Mr. Salve urged the Court for stay of all proceedings, the Bench said, "We are not staying the proceedings." It directed listing of the transfer petition for hearing on August 26 and ordered notice to the respondents (petitioners before the High Courts).

After the petrol pump scandal broke out, and the Opposition parties made it a major issue in Parliament and demanded a CBI probe, the Prime Minister, Atal Behari Vajpayee, ordered the cancellation of all petrol pumps and gas and kerosene agency allotments. This was challenged by the dealers individually in various High Courts, necessitating the Centre to move the Supreme Court for a transfer of the cases.

The Centre submitted that in respect of dealership/distributorship selection pertaining to Government oil companies, various writ petitions had been filed in the High Courts of Rajasthan, Punjab and Haryana, Gujarat, Goa, Andhra Pradesh, Madras, Allahabad, Calcutta, Delhi and Karnataka for quashing the directives of the Government to cancel the allotments made from January 2000 onwards, and some High Courts had passed interim orders. It said that a serious controversy had arisen over the credibility of the system of selection of petrol pumps and gas dealerships. To maintain confidence in the system, a policy decision was taken to cancel all the 3,600 allotments made on the recommendations of the Dealer Selection Boards since January 2000.

The common question of law in all these petitions would relate to the legality and validity of the August 9 directive as well as the termination effected by the oil companies, including the question whether hearing had to be given to individual dealers prior to cancellation.

The petition said that as substantial question of law of general importance were involved in all these cases and with a view to avoiding inconsistent decisions of the different High Courts, it would be in the interest of justice if they were transferred either to the Supreme Court or one High Court and dispose them of together. An interim stay of all proceedings pending before the High Courts was also sought. Meanwhile, the Petroleum Minister, Ram Naik, declared that the decision to cancel the allotments had been taken in the "public interest" and should thus be heard in the public realm rather than fighting individual cases.

He told presspersons that the Government was not considering the cancellation of all allotments since the inception of the dealer selection boards (DSBs) in 1983. It was, however, examining a demand made by MPs that the role of the DSBs should be studied since 1983. Also, the Government had no intention of making allotments prior to January 2000 part of the petition.

Rajasthan, Delhi HCs stay order on pumps

SNS & PTI

SI-1478

JAIPUR/NEW DELHI, Aug. 13. — The Jaipur Bench of the Rajasthan High Court today stayed cancellation of about 70 petrol pump outlets and LPG gas agencies, and asked the petroleum ministry to furnish its reply within a week to a bunch of writ petitions challenging its decision. Close on its heels, the Delhi High Court also stayed the Centre's omnibus notification cancelling petrol pumps and LPG dealership allotments in respect of two allottees, close on the heels of the Rajasthan High Court order.

Earlier, the Jodhpur Bench of the Rajasthan High Court had stayed cancellation of about 40 pumps and gas agencies. The petitions were taken up today by Justice Mr KS Rathore, who stayed the cancellations and asked the Centre's counsel to reply in a week's time. The petition will be heard on August 21.

The petitioners' lawyers submitted that it is against the principle of natural justice to cancel the petrol pumps of handicapped persons, relatives and family of Army personnel who were martyred in battle or insurgency operations for the country.

In New Delhi, accepting the contention of two allottees of pumps and LPG agencies that the government cannot cancel genuine allotments by a sweeping order, the High Court stayed operation of the Centre's notification cancelling all allotments from the year 2000 in the case of the two allottees.

Centre will take pump cases to SC

By Smita Gupta
TIMES NEWS NETWORK

19/8
New Delhi: The Centre will move the Supreme Court soon to club the various petitions being filed in high courts around the country, challenging the Prime Minister's cancellation of the allotment of 3,700-odd petrol pumps, gas and kerosene agencies.

Highly placed sources said on Tuesday that the Centre's legal strategy would be to fight the cases in the realm of public rather than private law since otherwise, the cancellations can be very easily challenged.

As government sources point out, "The cancellations were made not on legal, but moral grounds, following accusations of favouritism in allotments."

Explaining the government's strategy, these sources said: "If the cases are fought in the realm of pri-

vate law, then the allotments would in most cases be upheld, as the paperwork would be clean, and all the criteria would be seen to be ob-

Give me 'my' pump, Deshmukh tells Naik

TIMES NEWS NETWORK

Nagpur: Maharashtra excise minister Anil Deshmukh refuted BJP claims that he had been allotted a petrol pump on Parseoni Road in Nagpur district, asking petroleum minister Ram Naik to transfer the records of the pump to his name in a week or face legal action.



A. Deshmukh

served. But if the cases are moved to the domain of public law, then the government's en masse cancellations can be defended by saying that they were done in the public interest."

The sources added: "Cases in the past can be cited and it can be stressed that while the government did its best to ensure a transparent system by cancelling the discretionary quota system and instituting the Dealers Selection Boards, headed by retired judges, the system has turned out to be not quite fool-proof."

The need to move the apex court has arisen not merely because of the decision of the Rajasthan and Delhi high courts on Tuesday to grant limited stay on petitions questioning the cancellation of allotments by the Centre but also because it had become politically imperative with people questioning the government's sincerity.

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BJP resorting to blackmail, says Congress

for 10/8
Corruption
**S.B. Chavan, Shivraj Patil, Kalmadi
on state petrol pump 'hit-list'**

TIMES NEWS NETWORK

New DelhiMumbai: With the BJP making public the names of Congress leaders in Maharashtra, Madhya Pradesh, Chhattisgarh, Punjab, Haryana and Chandigarh, all of who, it says have benefited from earlier allotments of petrol pumps, the Congress party has taken a defensive posture on the alleged scam.

No sooner was the list of nearly 200 Congress beneficiaries of petrol pump allotments, including party leaders, their relatives and close associates, released in New Delhi than the Congress claimed that the BJP was "blackmailing the opposition".

The Maharashtra list includes the names of as many as 20 prominent Congress leaders who have either been directly allotted petrol pumps and gas agencies or have relatives or close associates who have been given dealerships.

Heading the list is MP and former Union home minister Shankarrao Chavan, whose daughter, Snehlata Patil, was allotted a petrol pump in Nanded. Former chief minister Shivajirao Patil Nilangekar's son, Ashok Patil, runs a petrol pump at Nilanga Peth in Latur, while MLA Datta Meghe's son-in-law has been allotted one at Akashvani Chowk in Nagpur. Former MP Vijay Naval Patil's son, Milind Patil, has a petrol pump on Jalgaon Road, as does former Union minister Shantaram Potdukhe's daughter in Chandrapur.

Former speaker Shivraj Patil's son, Shailesh Patil, runs a gas agency in Latur while education minister Madhukar Pichad's niece Pratibha owns a gas agency in Thane. Among those who

have been directly allotted dealerships are former Union minister Suresh Kalmadi, who owns a petrol pump at Deccan Gymkhana in Pune. Education minister Anil Deshmukh has a pump in Nagpur, while member of the legislative assembly Abdul Azim runs a petrol pump in Aurangabad. Former minister and MLA Anantrao Thopte, MLA and former MP Yashwantrao Gadhak, MLA Chandrakant Chhajed and former MLA Aminuddin Penwale manage petrol pumps in Pune.

Former MLA Keshavrao Pardhi has a petrol pump in Bhandara, while MP Uttamrao Patil and education minister Shivajirao Moghe each run a gas agency in Yavatmal. Former minister and MLA Rajni Satav owns a gas agency in Kalmanuri.

Among those whose close friends have benefited are former minister Shrikant Jichkar and MP Sushilkumar Shinde. Their friends run petrol pumps in Nagpur and Solapur. Mr Shinde is the Congress' vice-presidential candidate. "The facts reveal that Congress leaders are deeply mired in corruption," BJP state president Pandurang Phundkar said.

Confronted with the names of various party leaders on the list, all that Satyabrat Chaturvedi, who filled in for party spokesperson S. Jaipal Reddy on Friday, could say was that the BJP was "blackmailing the opposition".

The Congress also failed to publicise the transcripts of a telephonic conversation between a beneficiary and a middleman that Rajya Sabha member Kapil Sibal had promised a few days ago.

● Naik followed norms, says BJP chief V. Naidu, Page 5

DIRTY AND DIVERSIONARY PLOY: CONGRESS

Probe all allotments made since 1983: NDA MPs

ND-1
9/8
By Our New Delhi Bureau

NEW DELHI, AUG. 8. Even as the stalemate over the petrol pump allotment scam continued in Parliament today with both the Houses adjourning yet again within minutes, the Congress countered the Bharatiya Janata Party's campaign by challenging the Government to order an inquiry into allotments of petrol pumps and agencies, if need be from 1983.

Although the Government has so far rejected the demand for an enquiry, it did gain some momentum today. A letter signed by 120 MPs of the ruling National Democratic Alliance was submitted to the Prime Minister, Atal Behari Vajpayee, urging him to order an enquiry into all the allotments made under the Dealer Selection Board system since 1983 and cancel every dealership allotted to a relative of a sitting or former MP/MLA and party functionary. Some senior BJP Ministers also conceded privately that the complete facts could be brought out only through an enquiry.

The Opposition charged the ruling party with shying away from a full enquiry and resorting to "underhand methods" by pulling out "letters of recommendation" by the Opposition party MPs, many of which had been written to help genuine cases such as those belonging to the category of the mentally handicapped and war widows. The BJP countered the accusation by daring the

Congress to surrender all the allotments made to the relatives of its leaders and MPs.

Today's adjournment of both Houses over the issue led some MPs in the Rajya Sabha to suggest an adjournment till Monday, but the Chair did not oblige. And outside the House, the war of words, accusations and counter-accusations continued between the BJP and the Congress.

To the list of 12 Opposition leaders, which the BJP produced on Wednesday, it added 25 more names — including some non-Congress members — who had sent in recommendations to the Union Petroleum Minister, Ram Naik, for allotments of petrol pumps and agencies. The party also said it would counter the nationwide campaign which the Congress planned to launch on August 16 to "expose" the corrupt NDA Government, with one of its own.

Releasing the new set of letters of "recommendation" along with a "Karnataka list" which mentions the names of the relatives of many State Ministers, including the Chief Minister, among the beneficiaries, the BJP spokesman, V. K. Malhotra, challenged the Congress president, Sonia Gandhi, to ask all her party members to surrender their allotments just like the Prime Minister had ordered the cancellation of allotments since 2000.

For its part, the Congress dismissed the charges against its MPs and described them as "dirty and diversionary ploys." Stating that the counter-campaign of the BJP was

intended to obfuscate the issues involved, the Congress spokesman, S. Jaipal Reddy, reiterated the party's demand for a thorough enquiry, adding that "their (BJP) tactics strengthen our case for an enquiry."

On the BJP contention that any enquiry into the allotment of petrol pumps/gas agencies should look into all the cases since 1983, the Congress said it had no quarrel with such a demand.

"We are not shying away from any kind of enquiry. They are in the Government and it is for them to fix the terms of reference," Mr. Reddy said.

As for the allegations made against the Congress MPs, Mr. Reddy said that the party leader and Leader of the Opposition in the Rajya Sabha, Manmohan Singh, had recommended the case of a widow. And the Rajya Sabha MP and AICC general secretary, Oscar Fernandes, who was present at the regular briefing, said that he had only taken up the case of an applicant who had not received any communication.

Underlining that none of the cases recommended by the MPs had got dealerships, Mr. Reddy sought to drive home the point that Mr. Naik did not respond to these letters; if only to tell the members that he was not concerned with the process of allotments.

Mr. Reddy reserved comment on the Karnataka list on the plea that it had been released only today and the Congress was yet to examine the charges.

BJP seeks to drag oppn into petrol pump sludge

CSM
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TIMES NEWS NETWORK & AGENCIES

New Delhi: The issue of petrol pump allotments threatened to blow up into a major political conflagration on Wednesday with the BJP releasing a list of opposition members who are said to have recommended allotments and the Congress declaring a nationwide agitation from August 16 to 'expose the corrupt' NDA government.

Parliament remained paralysed for the third day with the government rejecting the opposition's demands for the immediate resignation of petroleum minister Ram Naik.

Caught on the back foot, the BJP went on the attack against the Congress, naming one of its leaders Manmohan Singh and its vice presidential candidate Sushil Kumar Shinde as two among 29 opposition leaders who had made recommendations to Mr Naik for the allotment of petrol pumps and gas agencies.

In attack mode, the BJP has named Manmohan Singh, Sushilkumar Shinde, Margaret Alva, Suresh Kalmadi, Basudev Acharia and Raj Babbar among opposition leaders who made recommendations to Ram Naik for allotment

S. Bangarappa, K. Muraleedharan, Jyotiraditya Scindia, Sisram Ola, CPM member Basudev Acharia, CPI's Nagnendra Nath Ojha and Samajwadi Party member and film star Raj Babbar.

In another move to embarrass the Congress, BJP MPs initiated a signature campaign asking Prime Minister Atal Behari Vajpayee to order an inquiry into all allotments of petrol pumps and gas agencies made since 1983 and to cancel every dealership made to a relative of a political personality.

However, the Congress party remained unperturbed, maintaining that it had nothing to hide and sought a commission to probe the petrol pump scam.

Congress spokesman Jaipal Reddy reiterated his party's demand that "fraud,



Manmohan Singh

bribery and malfeasance could be revealed only through an inquiry". He alleged that the government's decision to cancel the allotment of petrol pumps was a political ploy, adding that the government wanted the

courts to stay the cancellation.

"Instead of ordering an inquiry, they are making these allegations. Let the BJP present whatever evidence it has against anyone to the commission. The Dealer Selection Boards are not supposed to be influenced. After all, they were hand-picked and their loyalty tried, tested and found positive," said Mr Reddy.

AICC treasurer Motilal Vora said that the Congress would launch an agitation from August 15 to expose the BJP's wrong-doings since the four-year rule of the BJP-led coalition had witnessed a series of scandals, including the petrol pump scam. The opposition got a shot in the arm with MPs belonging to the NDA allies, the Janata Dal (United) and the Samata Party, demanding a CBI probe into the petrol pump scandal.

While Samata Party MP Raghunath Singh went a step further, demanding the resignation of the PM, JD (U) leader in the Lok Sabha Devendra Prasad Yadav said the petrol pump issue had tarnished the NDA's image. "That the name of Mr Vajpayee's relative allegedly figured in one of the allotments is not only a matter of concern, but unfortunate," Mr Yadav told reporters.

Meanwhile, state oil firms were busy on Tuesday and Wednesday filing notices in the supreme court and the high courts to ensure that no judge granted a stay order on any of the mass cancellations of pump dealerships ordered on Tuesday without first hearing them.

"All high courts should be covered by tomorrow (Thursday)," this newspaper was told, of the quick filing of caveats, the legal term for such a notice. The three big state-owned firms—IOC, HPCL and BPCL—had wanted the Union petroleum ministry, which had issued them the formal cancellation instruction, to file the caveats, but were told to do it themselves.

However, the ministry is having to involve itself in the question of how to enforce the said order.

Opposition seeks Naik's resignation, probe by SC judge

By Our New Delhi Bureau

NEW DELHI, AUG. 6. The political storm caused by the petrol pump allotment scandal continued to rage for the third day today — Parliament adjourned within minutes yet again, the ruling and Opposition benches hardened their stance and no resolution was in sight despite a meeting of the party leaders called by the Lok Sabha Speaker, Manohar Joshi.

The bottom line of the Opposition demand was a full inquiry into the scandal by a sitting Supreme Court judge, resignation of the Petroleum Minister, Ram Naik, and some kind of legislative backing for the cancellation of all allotments since January 2000, ordered by the Prime Minister, Atal Behari Vajpayee, on Monday to prevent parties from getting interim injunctions in courts.

But the treasury benches were equally adamant. "We have done what we had to," the Government sources said, and if the Opposition continued to disrupt Parliament it would be counter-productive. The Bharatiya Janata Party and senior Government leaders categorically rejected the idea of Mr. Naik's resignation.

The bottom line for the BJP is that if indeed some legislative backing is to be given to the

cancellation order, it should be made effective from 1983 when the system of such allotments began. This was, in fact, stated, by some MPs at the BJP parliamentary party meeting this morning, chaired by Mr. Vajpayee (who did not speak a word) and addressed by the Deputy Prime Minister, L. K. Advani, who described the order as a "historic decision."

The MPs generally felt that that the Congress had "enjoyed" this "perquisite" for about 20 years, and if the allotments to BJP workers' relatives were to be cancelled, all the allotments for the last 20 years must also be cancelled.

Apparently, neither the Prime Minister nor Mr. Advani responded to this. But Mr. Advani did tell an MP sharply that he had not been elected to get a petrol pump allotted.

In the Rajya Sabha, there was complete unity among the Opposition MPs who met and issued a joint statement demanding "a commission of inquiry headed by a sitting judge of the Supreme Court aided by investigating agencies like the Central Bureau of Investigation" and the "resignation of the Petroleum Minister and others involved in the scandals."

This statement was signed, among others, by the Leader of

the Opposition in the Rajya Sabha and Congress leader, Manmohan Singh, his party colleagues, Pranab Mukherjee and Kapil Sibal, the CPI (M) MPs, Ramachandran Pillai and Nilotpal Basu, Prem Chand Gupta of the RJD, Ram Gopal Yadav of the Samajwadi Party, Debabrata Biswas of the AIFB, J. Chittaranjan of the CPI and MPs of the Muslim League, the RSP and the RPI.

The Opposition also charged Mr. Vajpayee with making a "hasty unilateral announcement" which was "nothing but a pathetic cover-up." In a separate statement, the CPI-ML (Liberation) described the cancellation as a "face-saving" exercise.

The Opposition view, articulated by the Congress and the CPI (M), was that the cancellation order was an "eyewash" as the Government had calculated that it would have no effect since there was no legal sanctity to the cancellation.

According to Somnath Chatterjee (CPI-M), the decision was only for "public consumption."

The Congress also emphasised that if the Government was serious about the cancellation, it should file caveats in every court to ensure against dealers securing interim injunctions against the Prime Minister's decision.

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PETROL AND PATRONAGE

7/8 ✓

CANCELLING A STRING of dubious allotments does not cancel out a scandal. And so, while the Prime Minister, Atal Behari Vajpayee, may have tried to reverse the political damage by revoking over 3,000 allotments of petrol pumps, LPG dealerships and kerosene oil outlets made since January 2000, the scandal is not going to disappear in a hurry. The Vajpayee Government still has a lot of explaining to do as it goes about attempting to defend the indefensible. The principal question thrown up by the petrol pumps scam brought to light by the *Indian Express* is how so many agencies found their way into the hands of close relatives of the ruling BJP leaders. Clearly, the so-called 'objective' procedure employed by the Ministry of Petroleum — which ironically was instituted to prevent exactly the kind of crony corruption which seems to have taken place — was flawed in the implementation. Under this method, allotments of pumps and LPG dealerships were made by Dealer Selection Boards (DSBs), the members of which were selected by the Union Ministry of Petroleum headed by Ram Naik. The Boards were supposed to lend the process of making allotments an independent and *ipso facto* straightforward character. The fact that many of the Boards were chaired by retired judges was supposed to lend impartiality or objectivity in the selection process.

Mr. Naik was fond of contrasting the new allotment procedure with the earlier one in which the Minister of Petroleum enjoyed discretionary powers and which had eventually resulted in a scam during Satish Sharma's reign. But the new method has turned up shocking results and the roster of allottees in some places reads like a Sangh Parivar laundry list. The son of an RSS spokesman here, the wife of a BJP MLA there and scores of others — fathers, sons, husbands, nephews — linked in a familial way to

someone influential in the ruling party. In these circumstances, cancelling the allotments may seem like an oblique admission of guilt. But the cancellation order, which is likely to be challenged in court anyway, is not enough. A judicial probe is the very least that must be instituted to get to the bottom of how the allotments became skewed in favour of those close to power. Among the many questions that need to be investigated is why some of the DSBs were suddenly reconstituted sometime ago by the removal of a number of retired judges as chairmen of the bodies. Mr. Naik has failed to satisfactorily explain why this happened.

In fact, Mr. Naik's overall reaction to the scandal has been far from adequate. He has tried to wash his hands of the whole allotment process by claiming that the Petroleum Ministry had nothing to do with it. This, not to mince any words, is a ridiculous position to adopt. A Minister who attempted to take credit for the introduction of an 'objective' allotment procedure cannot suddenly dissociate himself from it when it becomes public that the method has yielded anything but impartial results. Mr. Naik has also failed to realise that the fact that a small number of Congress and Rashtriya Janata Dal (RJD) partymen secured allotments does not balance or even things out — if anything, it only reinforces the feeling that the selection process was influenced by political considerations. Rather than assume moral responsibility for what happened and step down, Mr. Naik has unfortunately chosen to deny any wrongdoing and declared his intent to continue in office. The ball is now in the Prime Minister's court. If Mr. Vajpayee is serious about dealing firmly and credibly with the scandal, then two things must follow: he must initiate the setting up of a judicial probe and he must secure the resignation of Mr. Naik.

PETROL PUMPS SCANDAL ROCKS PARLIAMENT

PM cancels all allotments made after Jan. 2000

By Our New Delhi Bureau

NEW DELHI, AUG. 5. As the petrol pump scandal blew up in the face of the Bharatiya Janata Party, with both the Houses of Parliament being adjourned within the first hour today, the Prime Minister, Atal Behari Vajpayee, ordered the cancellation of all allotments of petrol pumps, gas and kerosene agencies made since January 2000. They would be "auctioned" through "competitive bidding."

As soon as Parliament met, the Opposition members vociferously demanded the resignation of the Petroleum Minister, Ram Naik, and an inquiry by the Central Bureau of Investiga-

tion — both of which have so far been stoutly resisted by the Bharatiya Janata Party-led National Democratic Alliance at the Centre. Mockingly raising the slogan, 'Jai Shri Ram Naik', the Opposition MPs entered the well of the Lok Sabha and refused to be pacified by the Government offer of a statement from Mr. Naik. In fact, a determined Opposition also spurned the offer of a meeting of leaders to discuss the issue.

It seems that the BJP sensed that there would be trouble even before the Houses met, and a series of meetings were held before and after the adjournment of Parliament — one in the room of the Deputy

Prime Minister, L. K. Advani, and the last at the Prime Minister's chamber in Parliament House.

While some Cabinet Ministers defended the allotments saying these were "perfectly legal" (giving a petrol pump to the relative of a BJP MP or party worker was not a crime, they were not Pakistanis or ISI agents, ran the argument), those who favoured the immediate cancellation of all the allotments finally won the day. Mr. Vajpayee then directed Mr. Naik to "initiate steps" to "cancel all allotments made with effect from January 2000." The only exception was with respect to those made to the families of

Kargil martyrs. A press note to the effect was issued.

The meetings were attended by the key Cabinet Ministers — Ram Naik, Sushma Swaraj, Jaswant Singh, Arun Jaitley, Arun Shourie and Pramod Mahajan — and the BJP president, Venkaiah Naidu, and the party spokesperson, V. K. Malhotra.

Mr. Shourie and Mr. Singh favoured the immediate cancellation of allotments, while Mr. Naik maintained that the process was "legal" and "transparent." Mr. Malhotra later claimed that the BJP had cancelled the allotments because it was "a party with a difference" and was on "high moral ground" (*naitika ka ucch sthal*) and not because of wrong-doing. And, there was no question of Mr. Naik resigning.

The cancellation may not spell the end of BJP's troubles, for the Congress MP, Kapil Sibal, claimed that he had a "cassette" and that the "revealing transcript" would be released tomorrow (to establish how the petrol pump allotment deals were made). The scandal was "worth" Rs. 2,500 crores, he claimed.

Trouble began in both the Houses as soon as they met. While the Rajya Sabha was adjourned within 10 minutes without transacting any business, the Lok Sabha Speaker, Manohar Joshi, tried to conduct business for half-an-hour before calling it a day in view of the unrelenting mood of the Opposition.

In the Lok Sabha, the Opposition shouted slogans such as "*gali-gali mein shor hai, BJP chor hai*" (the word is out, the BJP is a thief), "we want resignation" and "*BJP ne kya kiya: desh ko barbad kiyadesh ko loot liya*" (what has the BJP done? It has destroyed the country/it has robbed the country).

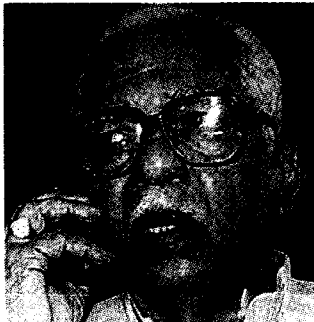
Cong. seeks probe: Page 11

NO PLAN TO QUIT, SAYS RAM NAIK

By Sushma Ramachandran

NEW DELHI, AUG. 5. The Petroleum Minister, Ram Naik today rejected demands for his resignation, even while giving an assurance there will be no "discontinuance" in supplies of petroleum products like petrol, diesel, kerosene and LPG though over 3000 dealerships will have to be closed with immediate effect. He said the modalities for auctioning off the oil dealerships allotted after January 2000 will be finalised shortly.

Anticipating a spate of law suits by the present allottees, he said the Law Ministry will be consulted, but said the decision would definitely be implemented. The cancelled allotments include 1,134 petrol retail outlets, 1,788 LPG distributorships and 236 kerosene dealerships. Addressing a press conference, Mr. Naik denied any wrongdoing in the



allotment of petrol pumps to relatives of the ruling party members. "Not a single allotment was done from the Petroleum Ministry or by me as Minister for Petroleum and Natural Gas", he said, adding that the procedure followed was upheld by rulings of the Gujarat and Aurangabad High Courts. He refuted allegations that petrol pumps were only given to people belonging to the Bharatiya Janata Party. "Even Congress and RJD people got them", he said. If the

entire list is available, it would be seen that it was not confined to people from one party. Besides, he insisted, that all procedures had been followed and the decisions were taken by the Dealer Selection Boards, which have now been wound up following the dismantling of the administered pricing mechanism in the oil sector. Mr. Naik was evasive, however, about the reasons for removal of 19 retired judges heading the DSBs some time ago. "There were some issues", he said, while declining to elaborate further.

Asked as to why the dealerships were being cancelled if there was no mala fide involved in the allotment, he said this was to dispel the impression created by media reports about this issue. "It is to allay apprehensions, that the decision has been taken", he said, while noting that this is a "sensitive government".

Cong. seeks probe

By Our Special Correspondent

NEW DELHI, AUG. 5. Even as the Congress welcomed the Government's decision to cancel the allotment of petrol pumps and gas/kerosene agencies, the party continued with its demand for the resignation of the Petroleum Minister, Ram Naik, as the cancellation was an "admission of guilt".

Describing the cancellation as a "glorious victory for the vibrancy of Indian democracy", the party spokesman, S. Jaipal Reddy, told presspersons that it was tantamount to an admission of guilt on the part of all concerned, particularly Mr. Naik, as the chairmen of the Dealership Selection Boards (DSBs) and members were appointed by him.

He said the Congress would continue to press for a thorough probe into the scam. "There must be an enquiry by a sitting Supreme Court judge assisted by the CBI. Also, the CBI must immediately seize all documents and scrutinise the assets and liabilities of the chairmen and members of the DSBs."

The Congress also released documentary evidence of how the process of allotting petrol pumps had been vitiated by the

Government, which, according to the Rajya Sabha MP, Kapil Sibal, "is a national calamity". Providing details of the operation in the Aurangabad centre, where 119 pumps were allotted, Mr. Sibal said each deal was struck for Rs. 45 lakhs. With 60 such centres nationwide, the scam, he said, was of the tune of Rs. 500 crores and the "money was meant for the BJP, its leaders, the DSB chairmen..." In Aurangabad, the entire operation was run by a BJP activist, Ninkumar Mohanlal Bora, who used his contacts with the sons of the DSB chairman for the centre — a retired district and sessions judge — to "facilitate" allocation of petrol pumps and kerosene/gas agencies.

Describing this as the "biggest scam ever since Independence", Mr. Sibal said corruption had been institutionalised under the BJP regime. "The Government of India has been turned into a corporation where the BJP is the manager and the RSS workers the shareholders."

On the BJP allegation that several Congress workers had been allotted pumps and agencies in the same round of allotments, Mr. Reddy said: "Their cases, too, should be treated at par with the rest."

CAVEAT

C R IRANI

Hail the Revolution!

FOR the past two years at least the Delhi High Court, the Election Commission and the Supreme Court are engaged in trying to take steps to clean up the election process. Criminals contest elections, violence and money power distort results, there is no accountability as regards financial rectitude — all but crooks are driven from the electoral battle. There was room for doubt for instance whether Sections 8 and 8A of the Representation of the People Act, would entitle Returning Officers to disqualify a candidate sentenced to life imprisonment for murder if he could show that his appeal was pending. The better view surely is that the exception only applies if the crime is committed while a member; disqualification is attracted either at the end of the judicial process or dissolution of the Assembly whichever is earlier. To hold to the contrary means that the legislator would lose his seat on conviction and if he were exonerated later the seat could not be restored to him. However on the premise that nobody can be a member of a dissolved assembly and a candidate for the next one simultaneously, the bar operates the moment he becomes a candidate. Delhi High Court considered whether they had authority to issue wider orders in Article 226 proceedings to further the constitutional mandate to conduct free and fair polls and safeguard the right of the electorate to know every public act everything that is done in a public way by public functionaries. Now at the end of a gruelling journey through the Courts, the judicial verdict is clearly in the affirmative — Article 324 is able to take care of surprise situations and it operates in areas left unoccupied by legislation.

The central question raised was whether the Election Commission could ask for more detailed information to be filed by candidates before Returning officers to show that they were free of the stigma of corruption and criminalisation of politics. Vohra Committee Report on the nexus between bureau-

crat/politician/businessman and other reports were quoted with approval. In normal circumstances the courts would rule that if a particular area, like the holding of elections was the subject of legislation the Courts would not invade it. The argument of the distinguished Solicitor-General on this point was sound on first principles but the Supreme Court (coram Shah, Singh and Sema, JJ) were persuaded to enlarge the ambit of Article 324, not without reluctance. And they were right to do so.

See how long it has taken. The Delhi High Court, by their judgment of 2nd November 2000 asked the Election Commission

to approach government to amend the Representation of the People Act appropriately. The Commission followed recommendations of the Law Commission. They were ignored. Instead government go in appeal to the Supreme Court complaining that the High Court is invading their territory. In a well-drafted affidavit the Election Commission assured the Supreme Court in February 2001 that they were fully in sympathy and detailed the

Criminals contest elections, violence and money power distort results, there is no accountability...

steps they had taken in furtherance of the Law Commission's 170th report. Nothing was done for a year-and-a-half. In the face of continued inaction, their Lordships delivered judgment on 2nd May 2002. Quoting a catena of authorities, they came to the telling conclusion that there was no necessity of suppressing the relevant facts from the people. All that the judges were trying to do was to ensure that voters had all relevant information to exercise a meaningful choice.

Their Lordships were wary of giving any impression that they were not taking full account of legislative sensitivi-

ties. At the outset they expressly held that it is not possible for this Court to give any directions for amending the Act or the statutory Rules. It is for Parliament to amend the Act and the Rules. It is also established law that no directions can be given that is contrary to the Act and the Rules. They then go on to say in well-chosen words —

However it is equally settled that in case when the Act or Rules are silent on a particular subject and the authority implementing the same has constitutional or statutory power to implement it the Court can necessarily issue directions or orders on the same subject to fill the vacuum or void till the suit-

able law is enacted. The Supreme Court asked the Election Commission to frame rules and they did. It is only then that the vulgar mass made up of politicians in all parties shook itself awake and went into action to scuttle the reforms.

On the evidence, to accuse the Supreme Court of invading the legislative field is sheer nonsense. The right to occupy the legislative turf does not include the right to refuse to act. Narasimha Rao refused to publish the Gyan Prakash inquiry report on the sugar scandal for seven months because he had not read it! I told him I had a copy anyway. I published it only when his friendly newspaper, confident it would not be made public, printed a version that I knew to be false. Obviously old habits die hard!

Led by the former Law Minister the Ministry worked at breakneck speed to put together a disgraceful Bill to further protect criminals on their way to political power. Heinous crimes are defined and must be repeated twice in a period of six months to attract the provisions of the Bill. Looting hundreds of crores and organising financial scams are not heinous crimes. The Left want the Bill watered down even further! Surprised?

On the evidence, to accuse the Supreme Court of invading the legislative field is sheer nonsense

CONSENSUS ON POLL REFORMS

No disqualification unless convicted

By Our Special Correspondent

NEW DELHI, AUG. 2. Political parties across the spectrum today unanimously agreed to bring in legislation that would not disqualify a candidate from contesting elections for being chargesheeted in heinous crimes and decided that all elected representatives would declare their assets and liabilities to the presiding officers.

At an all-party meeting here, it was agreed that a Bill incorporating these proposals would be introduced in the ongoing monsoon session of Parliament for its consideration and passing.

Briefing correspondents, the Union Law Minister, K. Jana Krishnamurthi, said that it was agreed by all the parties that candidates would not be disqualified unless convicted as against a proposal in the draft electoral reforms Bill that suggested disqualification of a candidate who was chargesheeted in two cases of heinous crimes

six months prior to the filing of nomination.

In the Representation of the People Act, there is already a provision that debars a person convicted for two years and more in a criminal case from contesting elections.

The provision for the declaration of assets by the elected representatives to the presiding officers, the Speaker of the Lok Sabha or the Legislative Assembly and the Chairman of the Rajya Sabha or the Legislative Council, as the case may be, seeks to nullify the Supreme Court judgment and a subsequent order by the Election Commission which made it mandatory for candidates and their family members to declare their assets to the returning officer.

Responding to questions, Mr. Krishnamurthi said the Ethics Committee of both the Houses would formulate the rules for the elected representative to file such a declaration. The agree-

ment reached today could not be interpreted as a 'rejection' of the earlier Bill, since only a draft was circulated for consideration of the political parties, he maintained.

In fact, the Rashtriya Janata Dal leader, Laloo Prasad Yadav, had suggested that only the final conviction should be taken into account for disqualification. Talking to correspondents later, he cited the case of the Tamil Nadu Chief Minister, Jayalithaa, whose conviction was set aside by a higher court.

The Congress spokesman, S. Jaipal Reddy, said the party had no reservations on disclosures and that in its opinion, the apex court judgment did not contemplate disqualification at the stage of the returning officer.

The CPI general secretary, A.B. Bardhan, said he had suggested that any candidate who owed Rs. 1 crore or more to the banks (known as non-performing assets) should declare it at the time of filing nominations

CENTRAL
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3 AUG 2002

Pumps rock Houses

511 corruption 318
NEW DELHI, Aug. 2. — A united Opposition in both Houses of Parliament today demanded resignation of petroleum minister Mr Ram Naik, on account of "irregularity and favouritism" in allotting dealership of petrol pumps across the country. The basis of this charge was a newspaper report of Mr Naik indulging in favouritism by allotting "pumps" to relatives of BJP leaders and many NDA MPs.

Mr Naik was not present in the Lok Sabha. Mr Santosh Gangwar, minister of state for petroleum, assured the Opposition that the government would initiate a probe into the charge and those found guilty would be punished. He said the government was not averse to a CBI inquiry. Mr Gangwar reminded the Congress MPs of the kind of scandal during the Narasimha Rao government and how the then petroleum minister was hauled up by the Supreme Court.

In the Rajya Sabha, the lead was taken by Mr Amar Singh (SP), Mr Suresh Pachauri (Congress) and Mr Nilotpal Basu (CPI-M). The Opposition forced the adjournment for the day.

Congress spokesman Mr Jaipal Reddy accused the government of misleading the House. He said contrary to the minister's statement that advertisements seeking applications from the dealers had been issued during the 90s, Mr Reddy said the NDA government itself had issued fresh advertisements. "The BJP now should change its party symbol from lotus to petrol pumps." CPI-M leaders Mr Somnath Chatterjee and Mr Nilotpal Basu said the standing committee report had clearly spoken of major loopholes in the government's selection-mode. — SNS

3 AUG 2002

THE STATESMAN

Politicisation of criminals

By Rajindar Sachar

COMPTON
HD-10
27/7

THE UNKNOWN Indian was excited on seeing a "rare unanimity" amongst all parties at a meeting on July 8. But that soon vanished when it dawned on him that these "honourable men" (to borrow from Mark Anthony's funeral oration) were aiming to fight the Supreme Court, which had given directions that a candidate should file an affidavit informing the real sovereign, the voter, whether he/she had been charged by a court in any criminal offence up to six months before filing the nomination.

The little man was stunned — neither he nor any of us can understand this hostility to the court. There is a danger of total criminalisation of politics (I would call it politicisation of criminals): about 700 legislators in the States and 40 in Parliament have a criminal background and some of them are facing trial on charges of murder, extortion.

A situation is being created deliberately to make it appear as if the Supreme Court has trespassed on the privileges of Parliament and is indulging in framing legislation. The charge is without foundation.

All that the Supreme Court has done is to reaffirm that the fundamental right given under Article 19(1) of Freedom of Speech that includes, so far as the voter is concerned, his right to obtain information about the candidate to be selected.

The voter's right to know the antecedents, including the criminal past, of the candidates contesting to be MPs or MLAs is fundamental for the survival of democracy. It should be remembered that this right is not dependent on the whim of Parliament but flows from the citizen's fundamental right under the Constitution. As the Supreme Court emphasised, "the right to get information in a democracy is recognised all throughout and it is a natural right flowing from the concept of democracy".

The Union of India, in the Supreme Court, opposed the issuing of the directions but was unsuccessful. Even after the judgment, the Election Commission went on reminding the Government that it was bound to issue the circular by July 1. The Government, however, asked the Commission to approach the court

Parliament needs to explain why it has kept quiet for so long after the submission of the 170th Law Commission Report (1999). The Law Commission had recommended debarring a candidate from contesting an election if charges have been framed against him/her by a court in respect of certain offences and making it

trayed at the all-party meet as if the court had, in issuing these directions, acted in disregard of constitutional limitations. The Supreme Court had directly posed this question and answered it by laying down that the Court had ample power to direct the Commission to fill the void and that where there was inaction by the Executive, for whatever reason, the Judiciary must step in and exercise its constitutional obligations to provide a solution till such time that the Legislature acts to perform its role by enacting a proper legislation to cover the field; namely to deal with the adverse impact of lack of probity in public life leading to a high degree of corruption.

Indeed the Supreme Court had even 50 years ago disclaimed any idea of confrontation when it gracefully rebuked the Executive. "If then, the courts in this country face up to such important and none too easy task, it is not out of any desire to tilt at legislative authority in a crusader's spirit, but in discharge of a duty plainly laid upon them by the Constitution".

The voters may rest assured that notwithstanding any legislation that Parliament may pass, it cannot dilute the force of directions issued by the Election Commission because these have been issued to safeguard the voters' right to know as a part of the fundamental right under Article 19, and no legislation can override constitutional provisions.

A self-restrained Parliament should not consider the Election Commission's circular a challenge to its authority and jurisdiction.

I wish the feverish activity and the "rare unanimity" amongst Parliamentarians had, instead, been shown in passing the long pending but eminently desirable legislation such as the Lok Pal Bill, the Women's Reservation Bill and the National Judicial Commission Bill.

A self-restrained Parliament should not consider the Election Commission's circular a challenge to its authority.

for extension of time. This the Election Commission rightly refused to do.

Records produced before the Supreme Court showed that the Election Commission had been writing to the Government for over a year to make necessary changes in the law. The Commission in its affidavit filed in the Supreme Court had expressed concern about the criminalisation of politics, about criminals getting elected. Some of them have even 'adorned' ministerial berths.

It had suggested that the candidates should be required to furnish information about involvement in criminal cases — the same kind required by the court's direction.

Even the Vohra Committee Report submitted years ago was kept in cold storage by the Government, notwithstanding the fact that it had warned, "some political leaders become the leaders of these gangs, armed senas and over the years get themselves elected to local bodies, State Assemblies and Parliament. Resultantly, such elements have acquired considerable political clout seriously jeopardising the smooth functioning of the administration and the safety of life and property of the common man causing a sense of despair and alienation among the people."

necessary to furnish details of criminal cases, if any, pending against him/her.

The directions meant to cleanse public life requested "each candidate seeking election to Parliament or a State Legislature to furnish information on: 1) Whether they had been convicted/acquitted/discharged of any criminal offence in the past — if any, whether they had been punished with imprisonment or fine? 2) Prior to six months of filing nomination, whether the candidates were accused in any pending case, of any offence punishable with imprisonment for two years or more, and in which charges were also framed or cognisance was taken by a court of law. These can hardly be faulted as they were meant to help the little man (the voter) think it over: whether to elect law breakers as lawmakers.

The directions are the core of democracy because as the court said, "true democracy cannot exist unless all citizens have a right to participate in the affairs of the polity of the country. The right to participate in the affairs of the country is meaningless unless the citizens are well informed on all sides of the issues, in respect of which they are called upon to express their views."

It was also unfortunately por-

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2917

Privatise UTI in one year: JPC

By Our Special Correspondent

NEW DELHI, JULY 23. The Joint Parliamentary Committee (JPC) on the stock market scam and related matters has recommended in its draft report that the public sector Unit Trust of India (UTI) be privatised within one year.

The recommendation comes in the background of the series of adverse reports on the UTI's functioning and the "lack of political will" which resulted in the trust not being restructured since 1993.

Another major recommendation of the committee is for an explicit regulation, banning the launch and operation of assured returns schemes such as monthly income plans by mutual funds and the withdrawal of the Securities and Exchange Board of India (SEBI) regulation

allowing mutual funds to start such schemes.

Outlining the blueprint for privatisation of the UTI, the JPC suggested that the trust first be restructured as a mutual fund under the SEBI guidelines.

This would also prohibit it from carrying on any business not allowed for mutual funds, and the UTI would have to divest its shareholding in subsidiaries which conducted business which were not allowed for mutual funds.

The restructured mutual fund should then be privatised by strategic sale of 60 per cent of the share in the sponsoring company to a private investor as suggested by the Malegam Committee.

The remaining 40 per cent shareholding could be held by the present contributory institutions or the Government (if it

decided to bail out the assured return schemes directly) with the proviso that none would hold more than 25 per cent of the equity of the sponsoring company.

The trustee company should be a wholly-owned subsidiary of the sponsoring company, and the shareholding of the sponsoring company in any asset management company (AMC) should not be more than 40 per cent with the balance offered to the public. The JPC was categorical that privatisation and choosing a strategic partner should be handled by the Department of Disinvestment, which should undertake the exercise through competitive bidding as per its existing norms.

The report made clear that since the UTI still controlled almost 60 per cent of the assets under management of the mu-

tual fund industry as well as substantial equity in many companies, there was need for control over such large funds not being with a single individual or group.

To address this problem, it was suggested that the UTI be bifurcated into separate AMCs for US-64, assured return schemes and others, or for US-64, income schemes and growth schemes.

UTI Bank chief proceeds on leave

PTI reports from Mumbai:

The UTI Bank chairman and managing director, P.J. Nayak, has proceeded on four weeks leave in the wake of a draft report of the Joint Parliamentary Committee charging that he "stood to gain" from the "failed merger" with the Global Trust Bank.

24 JUL 2002

Petrol pumps: BJP got a huge slice and Cong nibbled at it too

■ GIRIJA VYAS | Got pump in Udaipur, 'it happens with all parties'

RAKESH SINHA
NEW DELHI, JULY 23

9-10/2017
NAMES of more and more relatives of BJP leaders and allies are tumbling out of the list of those who were allotted petrol pumps and LPG agencies across the country through the Dealer Selection Boards before their dissolution this May.

But one reason why the Opposition Congress may think twice before raising the issue in Parliament is that the allottees include the kin of some Congress leaders as well.

The Sunday Express had reported that almost half of the DSB allotments had gone to relatives of BJP leaders and other

coalition partners.

Rahul Kaswan, son of Ram Singh Kaswan, BJP MP from Churu in Rajasthan, was allotted



a retail outlet at Ratangarh. But the Churu story doesn't end here. Kanak Budania, wife of former Churu MP Narendra Budania of Congress, was awarded a retail outlet in Sridungargarh.

Nirmal Indora, wife of Sirsa MP Sushil Kumar Indora of the INLD, was allotted a pump at Fatehabad in Haryana. Incidentally, the MP happened to be a member of the consultative committee of the Ministry of Petroleum and Natural Gas.

Confirming that she was allotted a petrol pump in Udaipur by Naik's Ministry, senior Congress MP Girija Vyas, who was also on the ministry's consultative committee, told *The Indian Express* that there was nothing irregular about it.

When asked if her party would raise the issue of allotments being cornered by ruling party leaders and allies, she said:

CONTINUED ON PAGE 2

Petrol pumps: BJP got a huge slice

9-10/2017
"I don't know. These things happen with every party."

Petroleum Minister Ram Naik declined to comment saying: "I would not like to discuss this issue since my view was not reported in the first place." Naik was touring Palgarh in Maharashtra and, despite several attempts, could not be reached.

9-10/2017
Petroleum Secretary B K Chaturvedi, however, had told the newspaper on Saturday that there could be "possible lacunae" in the system, adding that he had "no information on the political affiliation of the beneficiaries."

■ TENDER NOTICES

Jaswant promises not to play favourites

Corporate war echo in House

OUR BUREAU

July 23: A couple of days after Reliance was accused in a joint parliamentary committee report on the stock scam of withdrawing a huge sum of money from the market at one go and causing a collapse, a group of parliamentarians raked up in the Rajya Sabha the issue of fund diversion by the rival Essar group.

The developments turned the spotlight on the question if Parliament was turning into a battlefield for proxy corporate wars.

Finance minister Jaswant Singh said he did not intend to play favourites and was prepared to order an inquiry into the allegations against Essar.

Singh also said Prime Minister Atal Bihari Vajpayee had heard about reports relating to the Essar group and was now evaluating whether group chairman Shashi Ruia should continue on his trade and industry advisory council.

"I fear nobody; I favour no one. The ministry is not involved

in any corporate or any other war. I have no animus (towards anyone) though I have a viewpoint," Singh said.

Earlier, Samajwadi Party MP Amar Singh drew the attention of the government to reports alleging fund diversion by Essar.

Another Samajwadi member, Ramgopal Yadav, said Ruia should be removed from the Prime Minister's council of advisers, which prompted Jaswant Singh's remark that Vajpayee was looking into it.

The finance minister told Amar Singh that the government would have no difficulty inquiring into accounts of the group under the provisions of the Companies Act, if warranted.

He said information provided to him by the financial institutions showed they had extended assistance to the Essar group for specific projects after due appraisal and there was no question of double financing of projects.

However, he admitted that if funds were diverted by a company, his ministry had no independent mechanism to establish that

The minister said he could not divulge more details about clients of the financial institutions because of confidentiality.

Premchand Gupta, of Laloo Yadav's RJD, deplored the fact that the House was being turned into a site for corporate war.

In Mumbai, an Essar group spokesperson said the allegations made in the media, which were the subject of today's discussion in the Rajya Sabha, had been bandied about several times in the past by some MPs.

All allegations relating to diversion of funds, loan write-off by financial institutions, double financing of projects, misuse of public issue proceeds and violation of other statutory compliances had been investigated by government agencies and found to be baseless, he added. He said the group had always complied with all relevant laws, regulations and rules of the land.

Earlier in the week, the joint parliamentary committee had indicted Reliance for playing an instrumental role in precipitating a stock market crash, a charge the company has vehemently denied.

THE TELEGRAPH

24 JUL 2002

'Xerox ModiCorp paid fictitious firms'

2/2/02
New Delhi: In a fresh twist to the Xerox bribery scandal, accounting firm Pricewaterhouse Coopers (PwC) has said Xerox ModiCorp Ltd (XML) made sizeable payments to fictitious companies in cash as well as through bank drafts, of which a percentage was deducted and the rest paid back to the company.

PwC, which conducted a detailed investigation into the Indian arm's functioning after the US parent was alerted about the possibility of XML's books of accounts not being in order, has submitted its report to the department of company affairs.

According to the report, fictitious companies had been paid certain charges "apparently styled as commissions, discounts and handling charges" in cash and in bank drafts. "Five per cent of each such payment was deducted by these fictitious companies and the balance returned to Xerox ModiCorp,"

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sources said, adding that the five per cent deduction in each such transaction had not been accounted for in XML's accounts books.

Xerox Corporation's spokesperson in London Paul Arrowsmith said, "I am still to study the report and cannot make any comments."

Modicorp chief B.K. Modi declined to comment on the XML bribery issue. Sources said as much as Rs 3.6 crore may have been paid as bribes by XML at a time when the B.K. Modi group held a majority stake in the copier company.

Meanwhile, the income tax department claims to have recovered nearly Rs 1.10 crore in unaccounted cash during the raids on XML earlier this week besides unaccounted investment in shares and fixed deposits worth nearly Rs 1 crore.

Besides these recoveries, the department found tax evasion to the tune of Rs 25 crore—Rs five crore for

Company
each year—by the copier company.

In a report submitted to the securities and exchange commission of the US, Xerox Corporation had admitted earlier this month that its Indian subsidiary, Xerox ModiCorp, made "improper payments" to secure government contracts.

The DCA has, meanwhile, given a notice to XML to submit its accounts by July 23.

The government had ordered a probe on July 3 into the accounts after the parent company admitted Xerox ModiCorp had made improper payments of \$700,000 to government officials in 2000 to promote business. Sources said the scope of the DCA probe was for a period of five years, including three years preceding 2000, the year for which bribes were acknowledged by Xerox in its annual report submitted to the securities and exchange commission. PTI

THE TIMES OF INDIA

22 JUL 2002

BOFORS AND BEYOND

FOR THE CBI, the Supreme Court's decision to stay the recent Delhi High Court judgment in the Bofors pay-off case is cause for enormous relief. The Delhi High Court had quashed the chargesheet filed against the Hinduja brothers on the procedural ground that the CBI had not sought the consent of the Central Vigilance Commission (CVC) before doing so. The ruling had two important ramifications. To begin with, it meant that trial in the high-profile Bofors case, in some ways the most important corruption case in India, would be considerably delayed. But the significance of the Delhi High Court ruling did not stop with the fact that it would force the CBI to file a fresh chargesheet against the Hindujas, which would have resulted in both further complicating and holding up the Bofors case. At stake for the CBI was the fate of some 1,000 cases involving more than 2,000 accused in which the approval of the CVC was not obtained before the filing of chargesheets. The fear was that if the Delhi High Court ruling stood, every one of these chargesheets could be quashed on the same procedural ground.

As things stand, the Supreme Court has only stayed and not reversed the Delhi High Court judgment. But as it rejected the plea of the accused to stay the Bofors trial in the special court, the apex body made no secret about what it really felt about the High Court's ruling. Stating that it is convinced that the ruling is "totally unsustainable", the three-Judge Bench pointed out that "if such judgments are not stayed, then no prosecution will succeed". The Supreme Court's observations should make the CBI confident of winning its special leave petition, which seeks a reversal of the Delhi High Court ruling and which will be taken up for hearing later this month. At the same time, the Court has ordered that the Bofors trial should continue unhindered in the special court, a decision which will be welcomed

by all those who seek an early judicial resolution of a case in which the alleged pay-offs were made over 15 years ago. Undue delays in corruption cases, particularly those as significant as Bofors, result in weariness and cynicism and it is squarely in the public interest that they are dealt with expeditiously.

However, the CBI's appeal in the Supreme Court goes beyond Bofors, touching as it does on questions about the superintendence of the investigating agency. At the heart of the issue is how the Supreme Court's landmark judgment in the Vineet Narain/Jain hawala case is to be interpreted — particularly the portion which entrusts the superintendence of the CBI with the CVC. In essence, the CBI's case is that the Delhi High Court misinterpreted the Vineet Narain judgment in a manner which places the CVC in direct charge of the CBI as opposed to a more 'general superintendence', which is largely of an advisory nature. In practice, the CVC's superintendence over the CBI has conformed much more closely to the latter arrangement. The CVC has neither monitored the course of investigations nor reviewed the results of them before they were filed before court. In fact, possibly the only area where the CVC has enjoyed a direct power of review has been with respect to granting or withholding permission to prosecute public servants. Irrespective of what the Supreme Court finally rules, any decision it arrives at is likely to clarify the exact nature of the relationship between India's premier investigating agency and a CVC which was asked, by no less than the Supreme Court, to exercise superintendence over it. The questions the CBI's appeal raises go well beyond the narrow issue of the procedure that should be adopted before chargesheets are filed. They relate to the true meaning or import of the Supreme Court's own judgment in the Vineet Narain case.

THE HINDU

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Corruption
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10/7

Poll reform Bill leaves much to be desired

Sil 1217
Statesman News Service

NEW DELHI, July 16. — The draft Representation of the People (Amendment) Bill, 2002, issued by the law ministry yesterday has “let off” two groups of politicians/offenders: those allegedly involved in white-collar financial crimes and those charged with “political offences”. The BJP uses “political offences” to describe cases against its leaders in the Babari case.

Interestingly, a survey conducted for the Election Commission recently says more than 90 per cent candidates winning are from the rich or super-rich category.

The draft proposes that candidates with more than two “heinous crime” cases against them be disqualified from contesting a poll. That means murder or rape charges will debar a candidate; but even a largescale fraud, destruction of religious places for political benefit, or even attempt to murder will not. The “narrowing” focus of the Bill appears to have been welcomed, albeit quietly, by many leaders.

Section 8B speaks of disqualification for being charged with committing heinous crimes, meaning waging war, murder, abduction, robbery, rape and dacoity and involvement in terrorist and drug-related offences. The charges have to be framed by a “court of competent jurisdiction” at least six months before the nomination date. But if the court stays the proceedings, the law wouldn’t apply.

The poll panel wanted candidates to furnish their educational qualifications and list of assets, including those of their immediate family, while filing nomination. But the draft has ignored that.

The Bill says a candidate has to submit an affidavit with his nomination papers, saying if he has been accused in a case punishable with jail for two years or more.

The Bill has diluted returning officers’ powers. While EC could ask returning officers to reject nominations of those who give false information or don’t give any at all, the Bill says they can refuse to accept papers only if the candidate admits to have been convicted and sentenced for two years or more or if a court has framed charges against him in two heinous crimes.

Now, the returning officer can’t do so if the affidavit is true. Such candidates are disqualified only after the poll. How does that happen and what is the penalty? There are no references to them.

White-collar crime, the biggest problem with leaders, has not been considered, though the government “would look into it”. Hence, many “criminals” escape, for fewer leaders are involved in murders than in financial scams.

THE STATESMAN

19 JUL 2002

DRAFT BILL TO NULLIFY POLL PANEL NOTIFICATION

Candidates charged in 2 cases of 'heinous crimes' will be barred

By Our New Delhi Bureau

NEW DELHI, JULY 15. The Union Law Ministry today finalised the Representation of the People (Amendment) Bill, 2002, which seeks to bar persons — against whom charges have been framed by courts in two separate cases of heinous crimes — from contesting elections as against the existing norm of two years' conviction in a criminal case.

The draft Bill, prepared on the basis of suggestions made at the all-party meeting held on July 8, was today circulated by the Law Minister, Jana Krishnamurthy, to various political parties and leaders for their suggestions and comments by July 21.

The Bill effectively nullifies the Election Commission notification on June 28 giving effect to the Supreme Court directions and dispenses with the imperative of furnishing information in an affidavit by candidates about their criminal antecedents, assets and liabilities and educational qualification.

Under Sec. 8B of the Bill, a person against whom charges have been framed in two separate criminal proceedings in heinous crimes at least six months prior to the date of filing of nomination shall be disqualified till his acquittal or discharge in any such proceedings.

Heinous crimes have been

defined to include murder, treason, kidnapping for ransom, rape, dacoity, dacoity with murder, drug smuggling and causing death by terrorist act as per the provisions of the Prevention of Terrorism Act.

Further, Sec. 33A virtually nullifies the May 2 Supreme Court order by saying that "notwithstanding anything contained in any judgment, decree or order of any court or any direction, order or any other instruction issued by the Election Commission, no candidate shall be liable to disclose or furnish any such information in respect of his election, which is not required to be disclosed or furnished under this Act or the rules made thereunder".

18.7.02
Furnishing of educational qualification of the candidates at the time of filing nomination has also been dispensed with in the Bill. If it was found that the candidate had concealed information regarding charges framed against him in two separate criminal proceedings or furnishes false information, he will be disqualified to be a Member of the Assembly or Parliament, as the case may be.

If necessary, the Government proposes to convene another meeting with the leaders of various political parties, before giving shape to the Bill for its introduction in Parliament in the current session.

16 JUL 2002

'TRIAL AGAINST THE BROTHERS MUST CONTINUE'

Supreme Court stays HC order on Hindujas

Statesman News Service

NEW DELHI, July 12. — The Supreme Court (coram. Kirpal, CJ, Balakrishnan and Passayat, JJ) today stayed the Delhi High Court judgment, which had quashed the Bofors chargesheet against the Hinduja brothers. The Supreme Court termed the High Court's judgment "completely unsustainable". It directed that the proceedings in the trial court against the Hindujas would continue.

The Supreme Court observed that if the operation of the High Court judgment was not stayed, "then no prosecution will succeed in this country".

Last month, Delhi High Court had quashed the CBI chargesheet and all subsequent proceedings in the trial court against the Hinduja brothers on the ground that the chargesheet was filed without the Central Vigilance Commission's approval. The High Court had said the CVC's approval was mandatory in view of the guidelines laid down by the Supreme Court in the Vineet Narain judgment. The Supreme Court today said the Vineet Narain judgment was "not meant for this".

The three-judge Bench of the Supreme Court ordered that the trial against the Hinduja brothers — Srichand, Gopichand and Prakashchand

— should proceed. As Solicitor-General Mr Harish Salve stood up to argue the CBI's appeal against the High Court order, the Bench said: "We are staying the operation of the High Court judgment and all proceedings before the trial court should go on." The Hindujas will have to file their replies to the CBI's special leave petition before 29 July, when the case will be taken up next in the Supreme Court.

Mr Kapil Sibal, counsel for the Hindujas, pleaded repeatedly for an early date and a stay on the trial proceedings as it would cause prejudice to the accused. The Bench, however, rejected the plea. "We are convinced that this (the High Court) judgment is completely unsustainable. Forget about this case, if such judgments are not stayed, no prosecution will succeed."

The Bench turned down Mr Sibal's submission that the trial court should not frame charges — the case is at the stage of framing of charges — against the Hindujas. It said: "Let the charges be framed... If the judgment is not stayed and proceedings are not allowed to go on, then no prosecution will succeed in this country."

The CBI had challenged the High Court judgment quashing the chargesheet, submitting that the court had "overlooked the basic scheme of the law" in force which required the investigating agency to file a report in the court once an investigation had been started. "In filing this report, no person or authority has the right to interfere in the working of the agency," the CBI had said in its SLP.

The SLP said the High Court had erred in misconstruing the Supreme Court's observations. The High Court, the CBI submitted, had wrongly held that the directions in the Vineet Narain case required that the CVC should review the results of investigation before the same were placed before the court.

The CBI said the High Court had failed to note that the Supreme Court's directions in the Vineet Narain case were that "the CBI would report to the CVC and no power was conferred upon CVC in derogation to the duty cast upon the investigating agency under the Criminal Procedure Code to file a report..."

If the High Court's order was not set aside, it would confer powers on the CVC to interfere and impede an investigation at every stage, the CBI said in its appeal. It said the Hindujas' plea before the High Court was "intended to delay the trial".

The SLP highlighted the High Court's "failure" to take note of the fact that the latter's inherent powers provided in Section 482 of the CrPC should be very sparingly and cautiously used — only when the court concludes that there would be manifest injustice or there would be abuse of the process of the court if such power was not exercised.

"The High Court failed to take note of the law laid down by the Supreme Court indicating as to when... the cognisance should be quashed or chargesheets set aside," the CBI said.

'HC judge must quit to head inquiry'

NEW DELHI, July 12. — The Supreme Court today said a sitting judge of a High Court could be appointed to head a commission of inquiry only after he relinquished his position as a judge.

Laying down guidelines for the appointment of sitting judges as chairmen of inquiry commissions, a Bench comprising Chief Justice Mr BN Kirpal, Mr Justice KG Balakrishnan and Mr Justice YK Sabharwal said judges must relinquish their position before accepting the new assignment.

The government should seek the consent of the judge and he should give it in writing that he was willing to relinquish his position as a judge. — PTI

LAW SOON TO TACKLE CRIMINALISATION OF POLITICS

All-party meet rejects EC norm on assets, antecedents

By Anita Joshua

NEW DELHI, JULY 8. In a show of "rare unanimity," leaders of 21 political parties today rejected the Election Commission's directives to candidates seeking details of their assets and criminal antecedents, if any, along with the nomination forms, and said that the Government should, instead, come out with comprehensive legislation to address the issue of criminalisation of politics.

Successful in securing a consensus on the Commission's directive — that was issued in compliance with a Supreme Court order — during this morning's all-party meeting, the Government later announced that it would come out with a draft bill by this weekend to address the concerns expressed in the judgment so that it could be tabled and passed in the monsoon session of Parliament.

EC sticks to stand

Meanwhile, the Election Commission maintained that its June 28 guidelines, requiring candidates to furnish information about their criminal background, assets and liabilities, and educational qualifications, would be implemented as per the Supreme Court order of May 2.

The Government's position is that these guidelines would be effective till the area not covered by a law is covered by new legislation, as pointed out in the Supreme Court judgment.

Briefing mediapersons after the meeting he chaired, the Union Law Minister, Jana Krishnamurthi, said that the bill would be prepared keeping in mind the views expressed by the party leaders, and circulated among all the parties before being tabled in Parliament.

The sense of urgency that the parties attach to this proposed legislation was articulated by



The Deputy Prime Minister, L. K. Advani, with the Union Minister for Law and Justice, Jana Krishnamurthi, and the Minister of State for Law and Justice, Ravi Shankar Prasad, at a meeting on electoral reforms and judicial commission in New Delhi on Monday. — Photo: V.V. Krishnan

Mr. Krishnamurthi when he said "we are racing against time," to a question on whether the legislation would be in place before the election to the Rajya Sabha seat from Maharashtra later this month.

Giving details about what transpired at the meeting, Mr. Krishnamurthi said that while the leaders had acknowledged the need for dealing with criminalisation of politics, it was unanimously felt that the Government should bring in a law. However, this did not signal any type of confrontation with the Supreme Court. "But, when it comes to enactment of laws, Parliament is supreme as has been acknowledged by the apex court itself in an earlier judgment."

With political parties closing ranks on this issue, the Government foresees no problem in seeing the proposed legislation through Parliament. While all the parties rejected the direc-

tive's clause on "educational qualifications," the general opinion was also in favour of making it mandatory for the candidates to disclose their assets and liabilities after election and not at the time of filing nominations.

Apprehensive of involvement in "criminal cases" being used against a candidate at the threshold itself, the spokesman of the Bharatiya Janata Party, Arun Jaitley — who was among the three party members who attended the meeting — said there was need to exclude offences of a purely political nature such as participating in demonstrations/violating prohibitory orders from its ambit.

Similar views came from the Congress, whose representative at the meeting, Pranab Mukherjee, is also said to have made a plea for simplifying the electoral process and stated that issues such as criminalisation of politics ought to be addressed

through legislation.

The CPI (M) general secretary, Harkishan Singh Surjeet, articulated the politburo's view that the directive would not weed out criminals from the electoral process but pose serious obstacles to it. Of the view that the judgment had "inadvertently introduced extraneous issues in the electoral process," he said Parliament should rectify the matter through appropriate legislation.

Echoing this view, the CPI (M-L) representative at the meeting, Swadesh Bhattacharya, said the directive to furnish educational qualifications went against universal adult franchise.

Another apprehension expressed by him pertained to the scope of arbitrary action on the part of the Returning Officer who, it was felt — both within and outside the Government — could be used as a "political weapon."

9 JUL 2002

THE HINDU

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THE XEROX ALLEGATION

THE RECENT REPORTS of alleged pay-offs to Indian Government officials by the multi-national Xerox to boost the sales of photocopiers to the bureaucracy have understandably caused consternation in India. The "improper payments" as the American company has alleged, if proved, invite the provisions of the Prevention of Corruption Act. The Government has ordered a probe and hopes to pursue it through special audits and if necessary criminal prosecution. However, past experience in these matters — the Bofors issue is the most outstanding example — suggests that it is never easy to establish the paper trail of payments especially when the allegations relate to a past period. The American company, which has had a successful joint venture in India with the Modis, says that it has stopped such payments after 2000. Following the example of many other multi-nationals operating in India, Xerox has been increasing its stake in the joint venture to a point where the Indian collaborator has ceased to have any decisive say. It is therefore unclear as to whether the Indian arm of Xerox alone is accountable for the alleged corrupt acts.

The most intriguing aspect of the latest episode has to do with the context in which the allegations have surfaced. The U.S. company, once much admired for its innovativeness and whose name has in fact become generic for all photocopiers, has bit the dust for having systematically overstated its profits by \$6 billion to \$7 billion during a five-year period beginning 1997. Now exposed, like many other American companies — WorldCom and Enron for instance — Xerox has been forced to restate its financial position. Allegations of pay-offs to Indian public servants surfaced only when the company, under duress, was cleaning up its balance sheet and imparting greater transparency. Interestingly, most developed countries including the U.S. al-

ready have laws and regulations that prevent their companies from doing anything that is illegal in the countries in which they operate. The Xerox episode will be a test case to determine whether the company broke the law of its land even as it alleges connivance with lawbreakers in India by its overseas affiliate.

Ironically, the issue of ethics in business has now gained immense importance along with the related topic of corporate governance throughout the rapidly globalising world. However, as recent developments in the U.S. and Western Europe show, the implicit faith in the American corporate model was misplaced. The boom decade of the 1990s has ended with practically every one of its achievements now being called into question. The unending barrage of negative publicity on the American model of corporate governance is inevitably having a variety of consequences. Within the U.S. itself there is a sharp and unmistakable erosion of faith in the corporate system. Not a day passes without the announcement of a new regulatory or governmental investigation, guilty plea, financial restatements, fines and so on. The loss of investor confidence is a distinct possibility. That would be calamitous as it would choke the flow of capital. Fortunately, the elaborate churning that is taking place in America might still provide lasting solutions and a model of corporate governance that will be more enduring throughout the world. Specifically, can the issues raised by the Xerox allegation be evaluated in terms of one common yardstick? A very interesting parallel between the latest episode and the Bofors issue has not gone unnoticed. In both, the first reports of the scandal surfaced abroad. However, the more recent accusation of corrupt acts against Government officials is unlikely to be as sensational. What, however, is deeply disconcerting is the perception of Indian officialdom being routinely corrupt.

8 JUL 2002

THE HINDU

EX-OFFICIAL, BUSINESSMAN ALSO CONVICTED

3-year RI for Sukh Ram in telecom scam case

By Nirnimesh Kumar

NEW DELHI, JULY 5. A Delhi court today convicted and sentenced the leader of the Himachal Vikas Congress and former Minister of State for Communications, Sukh Ram, to three-year rigorous imprisonment and imposed a fine of Rs. 2 lakhs on him for causing a loss of Rs. 1.66 crores to the exchequer, favouring a Hyderabad-based private firm in the purchase of telecom equipment.

The Special Judge for CBI cases, V. K. Jain, in his 116-page judgment, also convicted and sentenced the then Deputy Director-General (Lease-Financing) of the Department of Telecom (DoT), Runu Ghosh, and Pataru Rama Rao, Hyderabad-based businessman, to two and three years of rigorous imprisonment and imposed a fine of Rs. 1 lakh and Rs. 2 lakhs for entering into a criminal conspiracy to rob the exchequer in the 1993-94 case, and for causing a financial gain of Rs. 1.66 crores to the Advance Radio Masts (ARM) Pvt. Ltd. Mr. Rao was then Managing Director, ARM.

However, the Special Judge granted bail to the three accused enabling them to appeal in the Delhi High Court, on their furnishing a personal bond of Rs. 1 lakh each with one surety for a like amount and subject to submission of the fine.

In 2000, Justice R. S. Sodhi of the Delhi High Court had discharged the three on the ground that the CBI failed to



The former Union Minister of State for Communications, Sukh Ram, coming out of the Patiala House Court in New Delhi on Friday. — PTI

prove the charge of criminal conspiracy against them. On an appeal by the CBI, the Supreme Court quashed the judgment and reverted the case to the Special Court for trial.

Mr. Jain rejected the pleas of defence counsel for a lenient punishment on the ground that Sukh Ram was 75 years old and that he was a heart patient; that Ms. Ghosh's husband was suffering from a heart ailment and that Mr. Rao's son was getting married.

The judge observed: "A message needs to be put across that howsoever high and mighty a person may be, no one

is mightier than law, and if a public servant indulges in corruption, the punishment would be severe enough to make him regret the moment he decided to eat the forbidden fruit."

In 1991, the DoT had floated a tender to purchase 3,000 MARR Shared Radio Systems. Of all 35 companies, including the Indo-Tronix Computers Pvt. Ltd., which offered the equipment at Rs. 3,54,500 a system, the ARM Pvt. Ltd. quoted a higher price.

But the company had the benefit of approval of the Telecom Engineering Centre to manufacture the equipment — the ARM obtained the approval

after getting the supply order.

Since the instrument was to be purchased only from those manufacturers who had the approval, the Tender Evaluation Committee recommended that a counter offer be given to the ARM Pvt. Ltd. to supply 500 systems at Rs. 3,54,000 apiece.

Sukh Ram and Ms. Ghosh favoured the ARM Pvt. Ltd., ensuring the purchase of two types of the equipment at the same rate while they were available at different rates at that time.

And Rs. 1.66 crores, an amount by which the ARM benefited, in conspiracy with the Minister and the official, was the differential price between the two equipment.

PTI reports:

The CBI alleged that preference was given to the ARM for supply of crystal version of the MARR shared radio system against a synthesised version available with the other suppliers.

The total difference in the prices between the inferior crystal system of the ARM and the superior synthesised version offered by two other firms was Rs 37,170.

The agency had also recovered unaccounted money, jewellery and other assets from Ms. Ghosh.

Our Hyderabad Special Correspondent writes:

The ARM Ltd. has clarified that Mr. Rao is not its Managing Director, nor is he on its board of directors. In a statement, Krishna Nandan, Managing Director, ARM, said Mr. Rao resigned in September 1996.

6 JUL 2007

THE HINDU

Photocopied deals

Wm-100
SFA Xerox bribes just another story 5/7

Westerners are shocked at news of companies greasing government palms. Indians are a step ahead. Bribes leave us blasé. There is so much of it, everywhere, from the tanner demanded by the corporation doorman to the lakhs companies like Flex are supposed to have paid taxmen, that another story on corruption, even if it is a blue chip MNC like Xerox bribing Indian officials lakhs of dollars, is just another story. Sure, there will be an investigation, as the secretary of the department of company affairs promises. But simply because DCA has a new minister, Jaswant Singh, who asked for the department along with finance, the inquiry is unlikely to end up being less farcical than others. Even wildly optimistic observers will not bet on the officials — and politicians too? — who shared the \$600,000-\$700,000 and more that Xerox is supposed to have paid out, getting identified and punished speedily. The particular form of corruption that the Xerox bribes belong to — graft in government purchase orders — is the bread and butter of Indian public servants. The opportunities are so numerous. Crooks are seldom caught, and on the rare occasions the story leaks, committees kill the investigation. As they did after disclosures that Enron had paid \$20 million to educate Indians. The beneficiaries of this most generous scholarship remain unknown though two government committees looked into the matter.

Streamlining government procedures will not work. Indian bureaucracy is among the very best at framing impressive rules — and breaking them without leaving much of a trace. But the officialdom, like any other working collective, also has its share of honest people, admittedly few, and those envious, not so few. This is the basis of the whistle-blowers' law and rules in some Western countries. Governments there have encouraged those in the system — people who are in the best position to know when hundreds of thousands of dollars are changing hands — to anonymously cry foul, blow the whistle, as it were, when a crooked deal is afoot. Whistle-blowers are offered, apart from anonymity, rewards, and independent authorities investigate their tip offs. This is not a terribly complex system to set up, provided that the receivers of information and the investigators do not come from the administration. In fact, it can be integrated into the Lok Pal institution that has long been proposed. Proposed but not created. MPs have been debating the pros and cons of the Lok Pal for years now and no doubt will want to debate it further — the best way to keep it from becoming law. They are much more receptive to the idea, beautifully explained in the CVC Bill's Single Directive, that senior officials be protected from being investigated, no matter what the prima facie evidence. Even as Americans get worked up over the Xerox bribes, photocopied deals are being struck in government offices all over India.

5 11 2002

Xerox Corporation blames Modis

By Sushma Ramachandran

NEW DELHI, JULY 4. Even as the new Finance Minister, Jaswant Singh, declared that a full probe would be carried out into the Xerox-Modicorp bribery scandal, the Xerox Corporation today squarely placed the responsibility for financial management of Xerox-Modicorp during 2000 on its joint venture partner, B.K. Modi and Associates. Modicorp, on its part, maintained a studied silence though it is clear that the coming board meeting of the joint venture company scheduled for July 12 is bound to be stormy.

The London-based Xerox spokesman, Paul Arrowsmith, told *The Hindu* that the "overall financial control" of the company was with the joint venture partner during 2000. He said the "improper payments" made by Xerox-Modicorp executives to Indian officials were discovered in October 2000. "These were immediately stopped

and we then engaged Pricewaterhouse-Coopers to do special audit of the company".

The PwC audit covered a wider area than just these payments. After it was concluded, the company sought legal counsel after which the findings were made public and the Indian authorities were informed. "We welcome the Indian Government's investigations and will cooperate fully with them", Mr. Arrowsmith said.

On whether the decision was based on the suggestion of legal counsel, he said: "it was a decision we took ourselves and voluntarily disclosed the information to the Indian Government".

On whether the financial control still remained with the Indian partner, he said, "I can only say we are still a joint venture".

Mr. Arrowsmith, Xerox communications manager for West Asia, India, Eurasia, Africa and Russia, was here earlier this week to inform Government authorities about the

scam carried out by the Indian subsidiary. On whether any dialogue was going on with the Government, he said, "we are cooperating with them".

Modicorp sources also clarified that B.K. Modi was currently in New York while Xerox-Modicorp's managing director, Pierre Nothard, was in the United Kingdom.

The scandal about the bribes or what are described as "improper payments" broke when the U.S.-based Xerox filed a delayed annual report on June 28 at the behest of the U.S. market regulator, the Securities Exchange Commission. In the case of India, the report said improper payments had been made over a period of years. In 2000, when the activity was stopped, the amount was estimated at about \$ 600,000 to 700,000.

Xerox has had a 68 per cent equity stake in Xerox-Modicorp since 1999, making it the majority shareholder.

See also Page 16

THE HINDU

Govt. orders probe into Xerox scam

By Our Special Correspondent

NEW DELHI, JULY 3. In the wake of the global giant, Xerox Corporation, disclosing a scam in its Indian subsidiary, the Government has ordered a probe into the joint venture with Modicorp while the Central Bureau of Investigation (CBI) may investigate the role of officials involved in the bribery scandal.

The scandal involving "improper payments" linked to sales of Xerox equipment to Government agencies has come out in the open with the U.S.-based company announcing that it will be notifying India as well as the U.S. Justice Department about the payments estimated to range between \$6,00,000 and \$7,00,000 during the year 2000.

The Department of Company Affairs has immediately ordered a probe into Xerox India's account to find out the facts as reported by the parent company itself. The DCA Secretary, Vinod Dhall, said the department had

ordered inspections of the company's books of accounts under section 229 A of the Companies Act for alleged violation of the provisions — 62, 68 and 628 — all relating to financial mismanagement of a company. Further action would be based on the outcome of the investigation, he said.

The bribery revelations for the Indian joint venture come on the heels of a spate of global financial accounting scandals involving corporate icons such as Arthur Andersen, preceded by the Enron collapse and followed by that of the communications giant, World Com.

The disclosure about the bribery of government officials resorted to by Xerox India has not come as a big surprise in this country as it is common knowledge that corporates indulge in "improper payments" in a routine fashion.

But for the first time such payments have been formally acknowledged as auditors dug up this information about the Indian

operations of Xerox Corporation whose name is a virtual synonym for the term photocopy. The Bharatiya Janata Party spokesperson, Arun Jaitley, was among the first to react and described the payments made to Government officials as a "serious violation of law". He demanded a thorough investigation into the affair as it was a serious violation of Indian laws — both anti-graft and company.

The CBI, on its part, indicated that suo motu action could be taken against the beneficiaries of pay-offs under the Prevention of Corruption Act.

But it did not categorically say that any steps are being taken immediately as there was no definite information available.

The DCA Secretary said the enquiry into Modi Xerox where the parent company had a 68 per cent equity stake would be completed expeditiously, with the Indian shareholders being given ample opportunity to present their side of the case.

5 JUL 2002

THE HINDU

Compulsorily

KNOWING YOUR CANDIDATE

1/8 *HD-10* *EX*

THE LANDMARK SUPREME Court judgment, which directed the Election Commission to ask candidates contesting parliamentary and assembly elections to compulsorily furnish certain personal details, left the E.C. with only two choices. It was either to wait for the Centre to enact suitable legislation to make such affidavits a part of the nomination process or to adopt unilateral measures to the same effect. With the Central Government dragging its feet on the issue and with the Supreme Court's July 2 deadline for the implementation of its directive fast approaching, the E.C. had no option but to take the latter route. The Commission's order, making it mandatory for candidates to provide details about their financial status, their criminal record (if any) and their educational qualifications, gives full effect to the Court's directive. Apart from affirming the voter's right to know about a candidate's antecedents, the measure is an important step towards the admittedly herculean task of cleansing the polity of criminal elements. As the Court stressed in its judgment, knowing more about candidates in the electoral fray affords the "little man" (voter) an opportunity to think things over "before making a choice of electing law breakers as law makers".

In a way though, what is really significant following the May 2 judgment is not what the E.C. did but what the Centre failed to do. The attitude of the Government strongly suggested that it wanted to do nothing more than postpone the implementation of the judgment. How else can one explain the Centre's decision to convene an all-party meeting on July 8, a whole six days after the expiry of the deadline set by the Court? To arrange for a discussion on implementing a court directive on a date by which the directive ought to have been implemented is tantamount

to contempt of court. It is not the Government alone which is unhappy with the Court's attempt to make it more difficult for corrupt and criminal elements to enter the country's legislatures. It is a well-known secret that most political parties are against candidates being open to such scrutiny for what are basically narrow and self-serving reasons.

Following the judgment, some politicians have stressed that it is the Legislature and not the courts which should spearhead the move for electoral reform. This is of course how it ideally should be. But it is the very failure of the Legislature and the Executive to prevent the public interest from being harmed which elicits the intervention of the courts. As the Supreme Court pointed out, in such an event the Judiciary enjoys ample powers under Article 32 of the Constitution to issue necessary directions to the Executive to subserve the public interest. A fair election must be, apart from everything else, a transparent one. A procedure which makes candidates disclose their current assets and their past criminal record can only increase transparency by giving voters the information necessary to make a proper choice. There is no logical reason why an E.C., which is empowered to ask candidates about the expenditure they have incurred on an election, should be barred from seeking other details about candidates which are relevant to the very process of making choices. By itself, a rule which makes it mandatory for candidates to furnish financial and other details will not usher in radical changes. It might not necessarily prevent the criminal and the corrupt from continuing to find their way into legislatures. But in a country where urgent measures are needed to restore integrity to public life, it is a step in the right direction.

THE HINDU

4 JUL 2002

Wakf probe report tabled

BY A STAFF REPORTER

Calcutta, July 1: Minister for minority development and welfare Mohammad Salim today tabled the judicial commission's report on Wakf irregularities and the government's Action Taken Report in the Assembly today.

Trinamul Congress members Sougata Roy and Pankaj Banerjee demanded that the findings of Justice Gitesh Ranjan Bhattacharjee Commission of Inquiry (Wakf Matters) be discussed on the floor of the Assembly. Speaker Hasim Abdul Halim asked for a notice seeking discussion on the report, following which he would fix a date.

The one-man commission had presented its report to the government in December last year.

Former chief minister Jyoti Basu had constituted the one-man inquiry panel in 1996 after an Opposition uproar in the House over the unauthorised transfer of Wakf property



Salim

in the city and elsewhere in the state.

In its report, the commission said it noticed "transfer of Wakf property without obtaining competitive offers or without causing any separate inquiry. In such cases, responsibility for the decision and shortcoming associated therewith lies with the concerned members of the Wakf Board, including the commissioners who were present in the particular meeting of the board in which the particular decision regarding sanction, etc. was taken by them collectively".

Hamimul Huda, a Wakf board member who is in police custody till Friday, was mentioned in the report.

The commission also questioned the role of former secretary of the Assembly, Asadur Rahaman. On retirement, Rahaman had joined the Wakf board as its commissioner in 1986. Rahaman had then appointed daughter Sheila Nasar as the superintendent of Muslim Girls' Institution in Calcutta.

In its Action Taken Report, the government said Rahaman's action deserved condemnation as it was a case of nepotism and misuse of power.

"This is more unfortunate because a person who held a very high office during the service tenure under the West Bengal Legislative Assembly is directly involved in this irregular practice for personal gain," the statement said.

"Though the commission had recorded in its report that successive commissioners/Boards of Wakfs had failed to discharge their duties properly, a large number of cases of irregularity/lapses/deficiencies had been detected during the tenure of office of Rahaman as commissioner of Wakf," the government report added.

HD-12 29/6

TARGET TEHELKA

corruption

SOMETIMES THE TIMING can give everything away. The Central Bureau of Investigation (CBI) would like its recent raid conducted on the premises of the controversial dotcom Tehelka to be treated as a routine administrative matter. However, considering the entire background against which this raid was carried out, it is difficult to avoid the impression that there is somewhat more to this than meets the eye. Coming as it did on the very day that the CEO of the portal was supposed to appear before the Venkataswami Commission — which is investigating the sordid defence scandal unearthed by Tehelka by means of a controversial sting operation — the CBI's action has, perhaps not surprisingly, led to fears that it is a calculated attempt to intimidate the dotcom venture and unsettle the proceedings of the Commission. Such fears have been strengthened by the fact that Tehelka appears to have found itself in all sorts of trouble ever since it conducted 'Operation Westend' — the spycam-aided investigation which revealed a shocking nexus between gullible politicians, crooked military personnel and a clutch of unprincipled fixers and which established that corruption and bribery were ingrained in defence procurements.

Accusations that a vindictive Central Government was hitting back at the portal have made the rounds ever since it went public with the videotapes which, among other things, captured the erstwhile BJP president accepting a wad of notes from a journalist posing as an arms dealer. Tehelka is already under investigation by the CBI in another case pertaining to the leakage of sensitive and classified documents from the Ministry of Home Affairs. And not so long ago, there was the raging controversy over the arrest and alleged harassment of a businessman who had bought a minority stake in the portal. Suspicion about the Centre's ill intent has only

been heightened by the self-serving and aggressive manner in which representatives of the Government reacted to the defence deal expose. Their anger was (and continues to be) channelled almost wholly at the (admittedly doubtful) methods Tehelka used to unearth the scandal and not so much at the corruption and venality the investigation exposed.

Having said that, it is important to emphasise that the circumstances which precipitated the recent CBI raid are not fully clear. From the available information, it appears that the portal, which was planning an expose on the poaching of wild animals, had established links with poachers in order to facilitate its investigation. While this is not necessarily wrong or illegitimate, the question is whether these links (as the CBI suggests) extended in a manner which violated the Wildlife Act. Specifically, whether they were forged by making payments to the poachers in order to coax them into filming the poaching of leopards in the Shivalik hills. To draw a firm line between what is legitimate and what is illegitimate in investigative journalism is not always easy, but it is extremely important that basic ethical principles are not forgone in the hot and exciting chase for a good story. Here, some of the methods Tehelka has used in the past have — to say the least — left plenty to be desired. For instance, it is impossible to condone the wholly distasteful and unconscionable use of prostitutes, who were dangled as bait and then filmed along with unsuspecting defence personnel, while conducting its investigations into the defence scandal. Nevertheless, journalistic irresponsibility and excess, however disagreeable, do not justify Government vendetta. A point that cannot be overemphasised as Tehelka seems to constantly find itself at the wrong end of one wing of the administrative machinery or another.

THE HINDU

LOOKOUT NOTICE FOR REPORTER IN POACHING CASE

CBI raids Tehelka office

By J. Venkatesan

NEW DELHI, JUNE 26. The CBI today conducted searches at the premises of the website, tehelka.com, and the residence of one of its reporters, Kumar Badal, in connection with a case of poaching registered by the agency earlier this month.

The portal, which hit the headlines earlier for its expose of "corrupt defence deals", termed the raids "vindictive". However, the CBI denied the allegation and its spokesperson, S.M. Khan, told presspersons that the raids were conducted after investigation showed Mr. Badal had "close links" with two poachers, who had confessed that he had given them Rs. 15,000 and a camera for filming the poaching of leopards in the Shivalik forest division.

Mr. Khan said the Uttar Pradesh police had registered a case in the Bihari Garh police station on May 23. Besides the camera, contraband wildlife items and two 12-bore guns along with ammunition had been recovered. When the investigating officer found that the case had inter-State ramifications, he recommended handing over the investigation to the CBI. Accordingly a notification was issued by the Uttar Pradesh Government for trans-



The Tehelka chief, Tarun Tejpal (right), and his colleague, Aniruddh Behal, addressing mediapersons in New Delhi on Wednesday. — Photo: Sandeep Saxena

ferring the case to the CBI, which registered a case on June 3 under Sections 9, 49, 49-A and 51 of the Wildlife Protection Act and Sec. 120 B (conspiracy) of the Indian Penal Code.

Mr. Khan maintained that the raids had nothing to do with the operations of the portal and that it pertained only to the case registered against the poachers and the reporter, who was an employee of Tehelka. There was no restriction on the movement of the Editor-in-Chief of the portal, Tarun Tejpal, and he had been told that he was free to go anywhere he wanted to.

Mr. Khan refuted the allega-

tion that the CBI was carrying out a "witch-hunt" and said there was no connection between the raids and the proceedings before the Justice Venkataswami Commission. The searches had been carried out only after substantive evidence had been collected against the reporter on his links with the poachers.

Earlier, Mr. Tejpal told a news agency: "I don't know why they are raiding my office, but one should take note of the timing because I was to appear before the Justice Venkataswami Commission along with Jaya Jaitly." He alleged that the Government

had been harassing him and his team of reporters after they had exposed "corruption in high places".

Mr. Khan said the poachers had sent three video cassettes to Mr. Badal. Documents seized from Mr. Badal's residence revealed that he had been operating under the name of "Pankaj". The poachers, Inam and Meherban, had told the CBI that they had been working for Pankaj. A mobile phone used by the poachers to contact Pankaj had been seized and it was registered in the name of Buffalo Networks Pvt. Ltd., holding company of Tehelka.

Asked whether Mr. Badal had been arrested, Mr. Khan said he had been declared absconding and a lookout notice issued. (A PTI report quoted counsel for Tehelka, Sidhartha Luthra, as saying that Mr. Badal was not absconding and that he would join the investigations after he was served a notice.)

The Congress condemned the raids, saying they reflected the attitude of the Government which wanted to stifle the freedom of the Press. Its spokesman, Oscar Fernandes, said that at a time when the Venkataswami Commission was conducting proceedings relating to the Tehelka expose, such raids were condemnable.

THE HINDU

27 JUN 2002

MLAs come to blows over Wakf scam

HT Correspondent
Kolkata, June 24

THE ASSEMBLY was thrown into chaos today when the Opposition asked the Government to table the judicial committee report on alleged leasing of Wakf property and the Government refused the demand. Trinamool MLAs immediately rose to disrupt Question Hour today with slogans and a round of spirited bench-beating.

The sound and fury soon snowballed into a jostle between lawmakers and the security and the bedlam continued until Speaker Hasmimul Halim adjourned the House during Mention.

Five security personnel, including the Marshal,

were wounded in the melee. Trinamool and Congress members boycotted the session for the rest of the day.

Trouble broke out after the Speaker turned down Congress MLA Abdul Mannan's proposal for suspension of the Question Hour and a discussion on the arrest of former Wakf Board member Hasmimul Huda.

Trinamool MLAs took the cue and immediately trooped down into Well, demanding that the Government table the commission report no later than today.

Trinamool MLAs Sonali Guha and Paresh Pal were at their raucous best. They jumped on to the table in front of the Speaker, shouted slogans and booed Ministers Nisith Adhikary, Sub-

has Chakrabarty and Satyadhan Chakrabarty who had been trying in vain to answer questions put by some Left Front MLAs and keep the Question Hour going.

The shouting brigade didn't leave off even after Speaker Hasmimul Halim directed Minorities Minister Mohammed Selim to table the report by July 1.

Trinamool MLA Saugata Roy snatched the Speaker's mace and handed it to his colleagues Jyotipriya Mullick and Subrata Bakshi who tried to take it out of the House. The security gave them a chase and retrieved it after some struggle.

Later, outside the House, Leader of the Opposition Pankaj Banerjee defended

his colleagues, saying the State had pushed them to this action. "Why is the State sitting on Justice Gitesh Ranjan Bhattacharya's report which was submitted to the CM six months ago? I have been asking for it for sometime. The CM has not even bothered to answer my letter. This sinister silence makes us apprehensive. I urged the Speaker today to admit our adjournment motion in this regard. But he didn't allow discussion though we had adequate numbers to move the motion," he said.

Banerjee probably had a point. Because, former Wakf Board member Huda held the office for over a decade until he was removed in 1995. "Huda is only the tip of

the iceberg. He couldn't not have held the post for such a long time without CPI(M) top brass' support. Therefore, we want the Government to table the report and hand over the case to CBI," a Trinamool leader said.

Such irregular leasing of Wakf property was first detected in 1995 when Chief Minister Jyoti Basu had asked P K Sengupta, the then Judicial Secretary, to look into assorted complaints in this regard. In his report, Sengupta took note of 160 complaints, including some involving Wakf property at prime locations.

In most cases, Sengupta said the agreements for lease and the deeds "were not vetted by lawyers on behalf of the mutawallis". The

terms and conditions of the lease too "went to the advantage of the lessees".

Based on these findings, Leader of Opposition Atish Sinha had urged Basu to set up a commission for judicial probe. Basu conceded the demand by appointing Justice Gitesh Ranjan Bhattacharya as a one-man commission. The commission took time, but finally submitted its report to the Chief Minister.

Minister for Minority Affairs Mohammed Selim, however, sees no justification for the Opposition clamour. "I have already served a notice that the report will be tabled on July 1 along with the Action Taken Report. I don't see why the Opposition had to turn violent today," Selim said.

25 JUN 2002

THE MINISTER

Japanese lawmaker held on graft charge

TOKYO, JUNE 19. A powerful Japanese lawmaker was arrested on Wednesday for allegedly taking bribes from a lumber company in a scandal that has deeply embarrassed the administration of the Prime Minister, Junichiro Koizumi.

Muneo Suzuki (54), was shown on national television being ushered from his home by prosecutors after Parliament's lower House unanimously approved an arrest warrant for him.

Because Mr. Suzuki had immunity as a lawmaker — and refused to give up the seat he has held since 1983 — the arrest required legislative approval.

As a member of the largest and most influential faction in Mr. Koizumi's ruling Liberal Democratic Party, Mr. Suzuki once wielded significant clout over Japanese foreign policy.

That ended when he quit the party in March after corruption allegations surfaced.

Mr. Suzuki's fall from grace marks yet another setback for Mr. Koizumi, who has been trying to win back an increasingly sceptical public, accelerate stagnating reforms, and reshape his scandal-hit party.

"The arrest of a member of Parliament is



The Japanese lawmaker, Muneo Suzuki, surrounded by Parliament guards, leaves the House after answering bribery charges, in Tokyo on Tuesday. —AFP

extremely unfortunate," Mr. Koizumi said. "With this many scandals and unexpected things surfacing, every day is an emergency." Prosecutors sought permission for his arrest on Monday, and the Justice Minister, Mayumi Moriyama, appeared before a lower House panel on Tuesday to strengthen

the plea. Mr. Suzuki reportedly denied the allegations. In interviews this week, he has told the Japanese media that the money he received was a political contribution.

A panel of ruling and opposition leaders eventually approved his arrest in a vote early on Wednesday, paving the way for a vote in the full lower House.

Tokyo prosecutors say Mr. Suzuki allegedly accepted 5 million yen (\$40,000) from the lumber company, Yamarin, in 1998 in exchange for lobbying for leniency in an illegal logging case.

Mr. Suzuki gained notoriety early this year for helping orchestrate the ouster of the popular former Foreign Minister, Makiko Tanaka.

He was later summoned to testify in Parliament over allegations he profited financially from his power over the Foreign Ministry. Although he was never formally charged, the accusations led to his resignation from the LDP.

The lumber company is based in Mr. Suzuki's constituency in Hokkaido, Japan's northernmost island, and has reportedly made sizable political donations to him. Investigators raided the homes and offices of Yamarin executives on Wednesday. — AP

2002 JUN 19 10 15

2002 JUN 19 10 15

Rant in Opp over Sinha defence

576
1675
Statesman News Service

NEW DELHI, May 15. — Opposition unity suffered a serious setback in the Lok Sabha today over the charges against the finance minister, Mr Yashwant Sinha, of taking favours from the Flex Group of Industries for contesting elections from Hazaribagh in 1999.

Dissatisfied with Mr Sinha's defence over accepting publicity material for the elections from the Flex Industries, the Congress and Left parties staged a walkout from the Lok Sabha today.

However, the Samajwadi Party leader, Mr Mulayam Singh Yadav, defended Mr Sinha amid thumping of desks from the Treasury Benches much to the embarrassment of the Left MPs.

It may be noted here that Mr Yadav defended Mr Sinha outside the Lok Sabha too by saying, "Newspapers can't be allowed to run Parliament." He even challenged the Congress to come and face a discussion on who took what during the elections. "If somebody pays for petrol of my car, shall I go to jail for that," he asked.

The Speaker didn't allow Mr Yadav's statement to be a part of the record of the proceedings and rejected the contention of

a Cabinet minister. When the Speaker refused to allow them to place any supplementary to Mr Sinha's statement in the House, the Congress and Left members walked out of the House, saying, "Shame, shame..."



Mr Yashwant Sinha

Mr Yadav's defence of Mr Sinha didn't come as a surprise to many on the Opposition benches. The party general secretary, Mr Amar Singh, has been a director on the board of the Flex Industries and resigned around the time when the CBI swooped down on the director of the company, Ashok Chaturvedi, on charges of

bribing Mr Someshwar Mishra, former excise commissioner.

Mr Sinha said he did take publicity material for his elections, but all the material was accounted for, and the Flex had raised a bill of Rs 45,983, which he had already paid.

He claimed to have filed returns before the district election officer of Hazaribagh and the records are available with the Election Commission.

He also denied reports of shunting Mr Kailash Sethi, the then chief of the Economic Intelligence Wing, for having taped the conversation between Mr Chaturvedi and Mr Mishra.

He said that he had exercised his influence in not allowing ex-

15 MAY 2002

THE STATESMAN

Ketan held for Rs 83 cr fraud

TIMES NEWS NETWORK

Mumbai: Controversial stock broker Ketan Parekh, his brother Har- tik and Jatin Sarvaiya, a director of their firm, Triumph International Finance Ltd, were arrested on Wednesday and remanded to police custody until May 22 in connection with alleged bogus transactions of shares worth about Rs 83 crore on the National Stock Exchange (NSE) in December 2000.

The economic offences wing (EOW) of the city police had registered a case against Mr Parekh and two other directors of the firm a month ago on the basis of a complaint filed by European Investment Ltd, a Mauritius-based overseas corporate body controlled by NRI businessman Ashok Mittal.

The remand application said the company had placed an order with Mr Parekh's firm in December 2000 to purchase 3.5 lakh shares in Glob-

al Tele and another 3.5 lakh shares in Himachal Futuristic. However, it said, Mr Parekh issued fake contract notes to European Investment stating that the shares had been purchased. He then reportedly collected two cheques totalling Rs 70.52 crore from his client, but failed to deliver the shares for more than two months.

"European Investment was left with no alternative but to instruct Mr Parekh to sell the shares and return the money. It also instructed him to sell an additional two lakh shares of Global Tele valued at about Rs 13 crore. But he defaulted on the payment," the remand application said.

Investigating officer Milind Desai told the court that during inquiries with the NSE, it was learnt that the accused had not purchased seven lakh shares on behalf of his client. "Triumph International purchased only about 20,000 shares and collect-

ed Rs 70 crore from the client. When asked to sell the shares, they defaulted on the payment. The cheques issued by them were dishonoured by banks," he said.

Defence counsel Amit Desai admitted before the court that Mr Parekh owed the amount to European Investment. However, he claimed that his client did not issue bogus contract notes. "The transactions on the NSE were authentic. It was only due to the economic recession in 2001 and certain other constraints that Mr Parekh's firm was unable to clear the liability," he said.

But the prosecution told the court that the NSE had given them a confirmation that Mr Parekh's firm had purchased only about 20,000 shares of Global Tele and Himachal Futuristic in December 2000. The magistrate then rejected the bail application and remanded the three to police custody.

THE TIMES OF INDIA

16 MAY 2002

Sinha bent for Flex, he should go: Opposition

■ Govt says Sinha will reply tomorrow

EXPRESS NEWS SERVICE
NEW DELHI, MAY 13

FINANCE Minister Yashwant Sinha will make a statement in Parliament on Wednesday on yesterday's report in the *The Indian Express* raising questions about the propriety of his dealing with Flex Industries for supply of his election material.

The Indian Express had reported how Flex, which is under CBI's scrutiny for allegedly bribing former Delhi Excise Commissioner Someshwar Mishra, supplied banners, calendars and posters to Koderma near Hazaribagh, Sinha's constituency.

And CBI sources confirmed that at no stage after the arrest of Flex chief Ashok Chaturvedi, who is now on bail, did Sinha declare this potential conflict of interest.

The report figured prominently in both Houses of Parliament today with the Congress demanding Sinha's resignation.

Sinha, who returned from Shanghai on Sunday night after attending the annual meeting of the Asian Development Bank, met Home Minister L.K. Advani at his office in North Block today. What transpired at the meeting was not clear. Despite repeated attempts by *The Indian Express*, neither Sinha nor Chaturvedi was available for comment.

Congress spokesman Jaipal Reddy, picking up the chorus from both Houses, criticised Sinha for "withholding" vital information from Parliament and the nation on his links with the

controversial businessman.

"It calls for his exit from the Cabinet," Reddy said. "The Finance Minister should have disclosed his personal connection the moment Chaturvedi was caught red-handed bribing the Chief Excise Commissioner five months ago."

He alleged that Sinha's continuance as Finance Minister had affected the investigations against Chaturvedi in two major ways. One, the chargesheet against Chaturvedi could not be filed even after three months of inquiries. Two, at least two investigating officers were trans-



ferred in such a manner as to have an adverse impact on the investigations, Reddy said.

Raising the matter in the Rajya Sabha, senior Congress leader Arjun Singh said serious allegations had been made against Sinha and he needed to clarify his position.

Quoting the report, Singh said that startling details of the despatch of special election material through the railways, allegedly by Chaturvedi for Sinha's Lok Sabha election in 1999, were worrisome and it was for the minister to come clean on it.

He was supported by the Left parties. Amidst frequent interruptions, Minister of State

CONTINUED ON PAGE 2

INDIAN EXPRESS

INDIAN EXPRESS

14 MAY 2002

Sinha in a bind over Flex Industries

for Parliamentary Affairs O
Rajagopal said that Sinha
would provide his version on
Wednesday.

In the Lok Sabha, P K
Bansal of the Congress raised
the issue, describing it as a
"disturbing" episode.

"It raises a threatening
question mark on the govern-
ment's intention to prosecute
the guilty," he said.

Demanding the Finance
Minister's resignation on moral
grounds, he said that the gov-
ernment had been put in the
dock. The case, he added, had
the potential to expose the
"stinking" corruption in gov-
ernment.

Bansal said that *The Indian
Express* report also mentioned
that Chaturvedi had also visited
Sinha's residence.

When the member quoted
extensively from the report,
Parliamentary Affairs Minister
Pramod Mahajan wanted to
know from him if he was au-
thenticating the report. Bansal
replied that the newspaper had
published evidence to support
its story which was why he was
ready to authenticate it on the
floor of the House.

Incidentally, no other
Opposition party joined the
Congress member in attacking
the government on the issue.
But CPI(M) veteran Somnath
Chatterjee, responding to
Pramod Mahajan's assurance
that Yashwant Sinha would of-
fer an explanation on Wednes-
day, quipped that the govern-
ment was being "very
accommodative" as the "minis-
ter is going."

Fernandes challenges Tehelka exposé

By Our Special Correspondent

NEW DELHI, MAY 8. The Defence Minister, George Fernandes, today contested tehelka.com's claim that "Operation Westend" had helped disclose corruption in the armed forces.

"I have my own conclusions about the entire operation. I am looking at the end-result which helped Pakistan and the losers were my country and the defence forces and all that is related to their morale...I challenge the truth behind this operation," he said before the Venkataswami Commission probing the news portal's revelations about alleged sleaze in defence purchases.

Appearing before the commission shortly after being de-

nied from speaking in the Rajya Sabha, Mr. Fernandes charged the news portal with not following the appropriate course.

It could have approached the Defence Minister or the Prime Minister with its information.

"If they found both corrupt, they could have brought it to the notice of the President of India who is also the supreme commander of the armed forces. This was not done. The bona fides or mala fides are obvious," he said.

Asked about the meeting between the Tehelka scribes and the Samata Party leader, Jaya Jaitley and R.K. Jain, Mr. Fernandes doubted the authenticity of the tapes.

"The whole thing was a sham. One could see dark rooms and

some heads but no legs while some voices were heard and transcripts appeared on the screen."

He felt Mr. Jain was deceived into boasting about his influence in the corridors of power and claimed that he was lying that he would take up the deal of hand-held thermal imagers with the Defence Minister. "One conman met another conman," he observed.

The Minister denied that he had ever discussed defence matters with his party colleagues.

The party at that time functioned from his official residence but that was generally the case with smaller parties.

He said he could not answer about the meeting where Ms.

Jaitley had asked the undercover reporters to hand over Rs. 2 lakhs to the Samata Party leader, Gopal Pacherwal. "These questions could be better asked to Ms. Jaitley," he said, while giving a clean chit to his party colleague.

"She is one of the finest political activists in the country at present. I have known her for the last 25 years. She is a person of great distinction. We are proud of it." The Minister also dwelt at length about how he came to know of the scam allegedly involving his Ministry officials.

The much-awaited appearance lasted for 90 minutes and Mr. Fernandes was assisted by several lawyers including Fali S. Nariman.

THE HINDU

George stings Tehelka sleuths

FROM OUR LEGAL CORRESPONDENT

New Delhi, May 8: Defence minister George Fernandes today slammed the Tehelka sting operation as a "sham" and said he doubted the veracity of the tapes that depicted corruption in defence deals.

Deposing before the Justice K. Venkataswami Commission of inquiry for the first time since the scandal erupted, Fernandes said the entire episode was aimed at defaming him, his party and demoralising the armed forces.

"If they (the Tehelka reporters) had the genuine aim of exposing corruption, then they should have cross-checked with me or even the Prime Minister," he said during cross-examination by the commission's counsel, Siddharth Luthra. Fernandes said the secret operation served to "help only Pakistan", besides lowering the "morale" of the armed forces.

"The fake arms purchase deals," Fernandes declared from the witness box, "made it clear that it had mala fide and not noble intentions." In the bargain, the losers were "defence personnel, morale of my country and morale of the troops", Fernandes, who was forced to resign as defence minister after the exposé but was later reinstated, told the commission.

If the news portal had no faith in "me or the Prime Minister, they should have approached the supreme commander of the armed forces — the President of India — on the whole issue", he added. The defence minister said the sting operatives should be probed for their "mala fide intentions". "Their motives were against the defence ministry, the defence minister with objectives which needed to be probed", Fernandes said.

"If they (Tehelka) had information of any such corruption in the ministry, then, they should have approached me. But... no ... they had assumed that the defence minister was corrupt," he argued, to buttress his contentions. The portal, he added, had "bad intentions" against Atal Bihari Vajpayee also as they had made allegations of corruption against the Prime Minister.

"They could have gone to the Prime Minister... but according to them, he (Vajpayee) was also involved in various money transactions," Fernandes said.

The Samata Party leader said his party's treasurer

R.K. Jain, who was accused of accepting money from the Tehelka team for facilitating defence deals, had ceased to hold the post much before the Tehelka tapes were made public in March 2001. According to the Samata's constitution, the post of the treasurer, he said, was "not very important" as that of the president's.

Fernandes said he had never known Tarun Tejpal, the managing editor of the news portal or any of the reporters, Anirudh Bahal or Samuel Mathews, who had carried out the sting operation. So he had no animosity against them.

"On that day (March 13, 2001, when the tapes were made public), I was doing roster duty in Parliament," he said. "I got a note from my office saying something serious has happened. Please come to South Block at once," he said, recalling the content of the note.

"At the office I saw two tapes and some documents... And (the) tapes ... when I viewed (them), were dark but there were some head movements and what got my attention immediately was the sub-title at the bottom of the picture: 'The defence minister was beyond redemption'," Fernandes said.

"I went through the documents. As the same day there was a Cabinet meeting and the Prime Minister wanted to know, my Cabinet colleagues wanted to know what exactly it was. I had to brief the Cabinet.... The whole thing was a sham," he added.

Kargil coffin ruckus

The Rajya Sabha was thrown into turmoil today over the coffin scam, leading to a brief adjournment and an Opposition walkout even as the defence minister said the government could probe the purchase of caskets for slain soldiers at Kargil.

After the Opposition parties, barring the ADMK, walked out, George Fernandes said the Indian embassy in Washington had been asked to give details about the caskets' procurement from the US and this would be handed over to the public accounts committee, already investigating the issue.

Earlier, the upper House was plunged into turmoil when Congress member Suresh Pachouri raised the issue during zero hour, demanding Fernandes' resignation and a statement from the Prime Minister on a court notice to the CBI to register a case against those involved in the Tehelka exposé.



George Fernandes leaves Vigyan Bhavan in Delhi after appearing before the Venkataswami Commission. Picture by Rajesh Kumar

Secret-file blow coincides with bid for petrochemical firm stake

Reliance officials sent to jail

FROM OUR SPECIAL CORRESPONDENT

New Delhi, April 29: Two senior officials of Reliance Industries, India's largest private sector company, were sent to prison today following a 1998 charge that secret government files were found from the corporate giant's office in Delhi.

The court blow came on a day Reliance bid for a 26 per cent government stake in Indian Petrochemicals Ltd. Today was the last day for bidding.

The CBI had filed charges of criminal conspiracy against three top executives of Reliance for "receiving, collecting, possessing and handling of secret classified documents of the various ministries and departments of the government in the interest of Reliance Industries Limited". The charges tantamount to subversion of the Officials Secret Act, 1923.

Rejecting bail pleas, chief metropolitan magistrate Sangita Dhingra remanded Reliance group vice-president A.N. Sethuraman and corporate affairs general manager Shankar Adawal in judicial custody till May 13.

The third accused, then group president V. Balasubramanian, was not in the court on medical grounds. The Reliance counsel

has been asked to submit medical documents to prove Balasubramanian underwent treatment for brain tumour.

As soon as the order was delivered, the two officials were taken to the court lock-up and later shifted to Tihar Jail.

The CBI has attached with the chargesheet documents it claimed to have found during raids on the offices of Reliance. The first document, marked secret, runs into 15 pages and has points discussed at a high-level meeting on September 14, 1998, by the "core group on economic matters — challenges of economic sanctions against India".

The two-page second document has a note, purportedly in Shankar's handwriting, saying: "Document dealing with various ministries plus issues. Point No. 3 on Page 2 deals with us."

The eight-page third document contains minutes of the 37th meeting of the Core Group of Secretaries on Disinvestment, convened by the Cabinet secretary on September 21, 1998.

A letter from then petroleum secretary T.S. Vijayaraghavan to revenue secretary Javed Chowdhury, discussing the government's proposals for rationalisation of customs and excise tariff rates for the hydrocarbon sector, is also among the papers produced by the CBI.

3 0 APR 2002

THE TELEGRAPH

Completed 12/9/1 **Punjab cancels 639 PSC recruitments**

CHANDIGARH, APRIL 22. The Punjab Government has cancelled the appointments of 639 people to posts recommended by the Punjab Public Service Commission (PPSC) in the light of the arrest of its chairman, Ravinder Pal Singh Sidhu. The Chief Minister, Amarinder Singh, told presspersons here today that 3,446 appointments made during Mr. Sidhu's five-year tenure would be scrutinised.

Mr. Singh said the State Government has written to the Punjab Governor, J.F.R. Jacob, recommending removal of Mr. Sidhu as PPSC chairman. The Governor is expected to write to

the President. He said the 639 posts, for which PPSC had made recommendations, would be advertised again and fresh recruitment process initiated.

Warrant against Jagman Singh *23/4*

A Ropar court today issued production warrant against Jagman Singh, an associate of Mr. Sidhu, who wants to turn an approver in the case. The application of Jagman for turning an approver in the court of the Judicial First Class Magistrate at Kharar was taken up by the Chief Judicial Magistrate, Ravinder Kumar, here.

Punjab University V-C dismissed

CHANDIGARH: Controversial vice-chancellor of Punjab University Jasbir Singh Ahluwalia, who is under a cloud for offences including a rape charge, has been sacked with immediate effect.

Punjab governor J.F.R. Jacob, who is the chancellor of the university, while removing Mr Ahluwalia, in his order dispensed with the inquiry proceedings so that "immediate action" could be taken because of the "urgency" of the situation.

Mr Ahluwalia, against whom two arrest warrants are pending, has been charged with attempt to rape and outraging the modesty of a girl student and a criminal offence relating to attempt to mur-

der, noted Jacob's order.

The order observed that Ahluwalia has lost all moral authority to conduct the affairs of the university.

Chief minister Amarinder Singh on Monday released the order to the press. Mr Singh said the vigilance bureau would probe the actions of Mr Ahluwalia who faced angry demonstrations by the staff and students for a long time. Mr Ahluwalia also avoided coming to the university for a better part of last month.

Repeated attempts to contact Ahluwalia in Patiala failed as his staff at his residence claimed he was not in station. N.S. Rattan, principal secretary (higher educa-

tion) has been appointed acting vice-chancellor of the university.

Mr Jacob in his order said, "a situation, however, has arisen in the university where Ahluwalia's conduct as vice-chancellor has come under cloud leading to registration of criminal cases against him, one including the offence of attempt to murder and the other covering offences of attempt to rape and outraging the modesty of a girl student".

The order further said, "in the second of these cases the chargesheet under section 173 of CrPc has been filed against Ahluwalia in the court of Sanjiv Beri, additional chief judicial magistrate, Patiala on April 19 wherein as a result Ahluwalia has lost all moral authority to conduct the affairs of the university". (PTI)

7 4 2000

THE TIMES OF INDIA

Punjab PSC boss in exam fraud scam

House in Hyderabad, plot in Mohali...

HT Correspondent
Chandigarh, April 20

THE PUNJAB Vigilance Bureau on Friday found Rs 8.16 crore in five lockers in the names of the mother and brother of State public service commission chairman Ravinderpal Singh Sidhu, who allegedly amassed wealth by leaking question papers of major competitive examinations.

Three other lockers are still be opened.

The lockers, in the Sector 8 branch of IndusInd Bank, were broken open on court orders by a vigilance team led by superintendent of police Jaskaran Singh in the presence of bank staff, journalists and two designated witnesses.

The money was in bundles of 500- and 1,000-rupee notes.

The cash was sealed in five new lockers at the bank.

On Thursday night, vigilance sleuths recovered Rs 1.41 crore from the Sector 9, Chandigarh home of Jagman Singh, an associate of Sidhu's.

Jagman has been arrested. He has squealed on several politicians and judges to whom he had passed on the papers, and the sleuths are now verifying the facts he has given.

Jagman, son of the late irrigation chief engineer Autar Singh Sekhon, told *Hindustan Times* he was sorry for what he had done.

"I repent for all my wrong do-



ILL-GOTTEN MONEY: Officers with the cash recovered from the lockers of Sidhu's relatives in Chandigarh.

ing and I accept that my deeds must have ruined the careers of many meritorious students." Sidhu, he said, was the "mastermind in the abominable conspiracy".

The recovery from the lock-

ers (three in the name of Sidhu's brother Reet Inder and two in the name of his mother Pritpal Kaur) on Friday takes the value of assets seized from Sidhu, his associates and relatives to Rs 22 crore.

Forged will: The will by which the late Autar Singh Sekhon ostensibly bequeathed Kasauli's Masonic Lodge to Sidhu, appears to have been forged. A case of "fraud and forgery" has been registered.

Manish Tiwari
Chandigarh, April 20

THE VIGILANCE Bureau has identified various immovable properties owned by Punjab Public Service Commission chairman Ravinderpal Singh Sidhu and associates spread all over the country. Investigations have also revealed that many influential personalities were direct beneficiaries of his illegal activities.

The new properties discovered till this evening include house numbers 504 and 549 in Sector 10, Chandigarh, a HIG flat in Sector 45 and another house in Sector 16, said the officials.

The Vigilance sleuths have also found a big house in Gurgaon owned by Sidhu, a palatial house in Hyderabad and an industrial plot in Mohali.

Sidhu also reportedly owns a big plot on the roadside in Zirakhpur (Punjab) and a house in Kusumati near Shimla. According to officials, Sidhu's arrested accomplice Jagman Singh told them that Sidhu had also been trying to buy property in the UK through Jagman's brother.

Senior officials said Jagman, who was allegedly assisting Sid-

hu in leaking question papers of competitive examinations, told them that he had delivered such question papers to a number of influential persons. "The identity of the beneficiaries as well as the exact house numbers have been disclosed to us, and we are trying to corroborate the facts," said a vigilance official. The officials were circumspect about the identity of the personalities.

Investigations also revealed that Sidhu extended favours to 'co-operating' bank officials. For instance, he had transferred a large amount from his foreign account to that of a senior officer in the IndusInd Bank. This official was then able to visit New Zealand on the basis of a certificate about his account holding in that country.

Recovered cheque books and counter foils have led the officials to new bank accounts apparently in fictitious names being located.

Investigations also revealed that Sidhu got himself allotted discretionary quota plots at prices far below market prices in various parts of the states, by making false statements that he did not own any residential plot.

Court rejects Hinduja's plea IAF spy case

Press Trust of India

NEW DELHI, April 18. — A Delhi court today rejected the Hinduja brothers' plea requesting it to "throw away" CBI chargesheet against them in the Rs 64-crore Bofors pay-off case.

"The import of the directions given in Vineet Narain's case is not to dismiss or throw the chargesheet when there is incomplete or partial compliance," Special judge Mr Prem Kumar said, dismissing Hinduja's application. "For the present, it would not be proper and fair to comment on the merits of the chargesheets filed, particularly when cognisance of offences has already been taken and the case is almost ripe for arguments on charge," he said.

"It is one thing to say the government, CBI and the erring officials may face consequence

19/A
of the non-compliance or partial compliance of the directives of the Supreme Court, it is another thing to declare non-est the pending prosecution," he said.

Hinduja brothers' counsel Mr Ram Jethmalani had argued that following the Supreme Court judgement in Vineet Narain's case CBI should have sought sanction for prosecution of the accused from CVC and the agency should also have intimated the progress of probe to the CVC.

Mr Jethmalani had said the chargesheets were "bad in law" as CBI didn't follow these directives and asked the court to pass a formal order declaring the chargesheets as "unconstitutional."

However, CBI counsel Mr N Natrajan and Mr US Prasad had pointed out that the agency had been informing the CVC about the progress of investigation. Regular review meetings had been taking place between the

CBI and CVC and it was provided whatever information it sought, they had submitted.

On the question of violation of Supreme Court directives, Mr Prem Kumar said: "It is not generally in the province of the courts and particularly the trial courts to see in what manner and to what extent the CBI is reporting the progress in investigation. This falls within the province of CVC."

The court, however, conceded the request of Hinduja brothers for copies of a communication dated June 9, 2000 sent by CBI to the Swiss Federal Department of Police and Justice, Berne. The accused had claimed that this document was very crucial for preparing their defence.

But the court declined their request for production of a copy of a letter written by the Federal Department of Police and Justice, Berne to the Investigating judge.

NEW DELHI, April 18. — The Air Force corporal caught for spying has told investigating officers that "earlier this month he was asked by someone in Pakistan High Commission to give information about all planes stationed at the Jodhpur air station and was promised Rs 10,000."

The Intelligence wing of the Air Force has now found that Mahapatra had been operating individually. "Whenever the ISI recruits someone in an espionage case it makes him work independently. This helps an individual to be part of an espionage operation without being noticed by anyone," a police officer said.

The IAF spokesman, squadron leader Rajesfi Dhingra said: "The IAF is investigating the case and that is all we can say at this moment".

Police, meanwhile, have negated Mahapatra's claim that he had only received Rs 1 lakh from the ISI till date. — SNS

13 APR 2002

THE HINDU

Delhi court summons 3 Reliance officials

Stateaman News Service

NEW DELHI, April 5. — A Delhi court today took cognisance of a CBI chargesheet against Reliance Industries for violating the Official Secrets Act and issued summons to three top Reliance officials to appear before the court on 29 April.

After a marathon in-camera hearing, additional chief metropolitan magistrate Ms Sangeeta Dhingra Sehgal took cognisance of the chargesheet and served summons to the group president, Mr V Balasubramaniam, vice-president Mr A N Sethuraman and general manager Mr Shankar Adawal.

In the last hearing on 3 April, the court had asked the CBI to clarify if the agency had exceeded the time-limit for the proceeding against Reliance. The agency today submitted that the case was not time-barred.

The CBI has charged Reliance and its officials under sections 5(4) and 5(2) of the Official Secrets Act for possessing documents on economic matters, disinvestment policy and rationalisation of customs tariff rates in 1998 classified by the government as secret documents.

The CBI has also charged Reliance and its officials under Sections 5(4) and 5(2) of Official Secrets Act and section 120-B (Criminal Conspiracy) of IPC for allegedly possessing secret Cabinet papers.

The CBI had filed a chargesheet about two weeks ago, more than three years after it registered a case against the three Reliance officials in November 1998 after a Delhi Police team recovered four secret documents from the Reliance office in Delhi during investigations into the Romesh Sharma case. In its chargesheet, the CBI said the secret documents were recovered from a "locked office table drawer" of the group's office located at a five star hotel here.

THE STATESMAN

Enron Corp sells data centre to Reliance Info

By Rajarshi Roy
Times News Network

MUMBAI: Erstwhile U.S. power major Enron Corp, which had also entered the telecom business in India, has sold its Mumbai-based data centre to Reliance Infocom for an undisclosed sum.

The data centre was part of Enron's broadband operations in India, and owned and managed by Enron subsidiary Broadband Solutions. The deal was struck last week, said industry sources.

Broadband Solutions in turn was initially set up with 49 per cent of its equity being held by Enron's Mauritius subsidiary MHC Mauritius, with the remaining 51 per cent being held by Chardonnay Investments, and True Blue Investrix. However, the Chardonnay and True Blue stake was subsequently bought out by another Enron subsidiary.

The data centre had been set up with an initial investment of \$18 million. It comprises of 80,000 square feet of server space in Mumbai's Lower Parel area. Enron had planned to follow it up with data centres in Bangalore, Hyderabad, Delhi, and Chennai.

The U.S. company planned to link up the data centre to its broadband operations. The centre offers many services including web hosting, company location, mirroring, data management and data storage. The data centre's clientele include financial institutions, banks, and top corporates.

During the height of the Dabhol controversy last year, Enron had decided to either sell the business or rope in a partner.

Broadband Solutions had also set up another company called Bant-X, which was set up to trade in bandwidth, and had also planned to set up two independent Internet exchanges in Mumbai to be managed by Ep.Net, an international firm involved in managing Internet exchanges worldwide.

Reliance Infocom currently has one data centre in Thane, 15 kilometres from Mumbai.

The company is planning to set up five more data centres, which will be connected to its broadband network, linking all the major cities in India.

The Reliance data centre, comprising of 50,000 square feet of server space, is currently the largest operational data centre in the country. It boasts of multiple layers of security, biometric access, electronic locking systems and an automated building management system.



Reliance buys Enron data hubs

FROM OUR CORRESPONDENT

Mumbai, April 5: Enron Corp, the bankrupt US energy trader, has sold its broadband solutions venture in India to Reliance Infocom, a subsidiary of Reliance Industries.

Details of the transaction are not known. Sources close to the deal said confidentiality clauses in the agreement prevented them from disclosing the numbers. Enron was setting up data centres in India before events in the US sank the beleaguered energy giant, and halted the expansion of the business here in its tracks.

The acquisition is a win-win deal for Reliance Infocom, which gets infrastructure that will help it enlarge its presence in data-centres — one of the core areas in its infocom business. The company already has a data-centre functioning in the suburbs of Mumbai.

While industry sources confirmed the

development, there was no word from Enron, which does not have many employees left here. Its data-centre also had only two or three heads on board, sources said.

The deal comes a day before financial institutions meet to discuss issues related to Dabhol Power Company (DPC).

Whether the assets of data-centre are a property of Enron, the US or DPC is still unclear — an ambiguity that might lead to a controversy in future, sources said.

There are reports, though, that the data-centres had been set up by a company registered in Mauritius.

Enron's broadband foray was led by a data-centre it set up in the city with an estimated investment of Rs 100 crore.

Eventually, it aimed at spreading its network to infotech hubs like Bangalore, Hyderabad and New Delhi, former employees in the company said.

Enron had leased 70,000 square feet of

prime commercial property in the Lower Parel, Mumbai's one-time textile nerve-centre that is now turning into the most preferred address for new-economy businesses.

The property deal had created ripples in Mumbai's real estate market. The annual lease rent to be paid by the company alone was in the region of Rs 6.72 crore, sources said. Enron's venture planned to grab businesses that earlier used to go to US-based companies. "It will save time and foreign exchange for local dotcom outfits," an industry source said.

The new venture was directly under Enron India, which was then headed by its high-profile chief, Sanjay Bhatnagar. He had later resigned from the company before the DPC-MSEB controversy came to a head.

Enron struck the bulge bracket real estate deal that was the talking point for realtors in the commercial capital.

The company also leased 90,000 square

feet of office space in pharmaceutical company Wockhardt's spanking new headquarters in the Bandra-Kurla office complex, situated in the north-western suburbs of the city.

On a global scale, Enron made a strategic shift from a traditional "brick-and-mortar" company to an infotech firm. In the US, the company had already set up Enron Intelligent Network, a new-world network built on state-of-the-art optical technology to meet business needs.

To implement its new plans, the company had formed strategic alliances globally with Cisco Systems, Ciena Corporation and Sun Microsystems all leaders in network technology.

Enron by offering virtually unlimited bandwidth and built-in intelligence, the Enron Intelligent Network bridged the gap between very expensive dedicated (virtual private) networks and public net-work.

Rao cleared in bribery case

By Our Staff Reporter

Corruption

NEW DELHI, MARCH 15. The Delhi High Court today set aside the trial court judgment sentencing the former Prime Minister, P.V. Narasimha Rao, and his then Cabinet colleague, Buta Singh, in the multi-crore Jharkhand Mukti Morcha (JMM) MPs bribery case on October 12, 2000. The Court found "material contradictions/improvements" in the statements of Shailendra Mahato on whose statement as an approver the CBI had built up the case.

The Court found a glaring infirmity in the CBI's failure to prove the "closed-door meeting" conspiracy theory involving Mr. Rao, Mr. Singh and the JMM leader, Suraj Mandal, by producing independent evidence to corroborate "the cornerstone" of the case.

"There was nothing stopping them (CBI) from corroborating this important fact by calling the former Union Law Minister, Ram Jethmalani, and the Prime Minister, Atal Behari Vajpayee, into the witness box," Justice R.S. Sodhi said.

"The very fact that the prosecution, knowing its case fully well, did not deliberately examine Mr. Vajpayee or Mr. Jethmalani as prosecution witnesses shows that this introduction by the approver of the closed-door meeting was merely a red herring," the Judge said.

After three years of the alleged incident of bribery for managing deficient numbers to defeat a no-confidence motion against the then Narasimha Rao Government put to vote in the Lok Sabha on July 28, 1993, Mahato for the first time confided about it to Mr. Vajpayee, the then Leader of the Opposition in the Lok Sabha, who sent him to Mr. Jethmalani, who dictated a press note regarding the matter which Mahato had released at a press



The former Prime Minister, P.V. Narasimha Rao, who has been acquitted by the Delhi High Court in the JMM MPs bribery case, with the former Prime Ministers, H. D. Deve Gowda and Chandra Shekhar, when the latter called on him at his residence on Friday. Mr. Rao's counsel, R. K. Anand, is also seen. — PTI

conference here in February 1996.

To prove the "contradictions/improvements" in the statements of Mahato, Justice Sodhi referred to four statements which the approver had made outside as well as before the trial court. They were, the press statement dictated by Mr. Jethmalani on February 26, 1996; a confession application filed in a magisterial court here on March 16, 1997; a confession statement made in the court of then Metropolitan Magistrate, Harish Dudani, on March 23, 1997; and the deposition made in the trial court between, November, 14, 1997, and November 28, 1997.

The press note had no reference to the allegation that Buta Singh had invited the then four JMM MPs — Mahato, Simon Marandi, Suraj Mandal and Shibu Soren — at his residence while Mahato interpolated it into his confession application. However, there was mention in it of the

allegation of the four MPs going to Mr. Rao's residence, the Judge said in his 95-page judgment.

In his confession statement, Mahato had omitted the invitation issue as well as the matter of the JMM MPs along with Mr. Buta Singh visiting Mr. Rao's residence on 7, Race Course, Mr. Justice Sodhi said.

Stating that the allegation of the "closed-door" meeting between Mr. Rao, Mr. Singh and Mandal was for the first time introduced by Mahato in his confession statement, the Judge said it was a clear improvement on Mahato's past statements.

Mr. Justice Sodhi saw contradictions in what Mr. Mahato said about the persons who went into a separate room at Mr. Rao's residence to have a close-door meeting with Mr. Rao. The judge also ruled out that money, as alleged by the CBI, was ever an item for discussion at the meeting between Mr. Rao and the JMM MPs.

15 MAR 2002

THE HINDU

Tiwari meets Speaker

By Our Special Correspondent

NEW DELHI, FEB. 26. The uncooperative attitude of the Defence Minister, George Fernandes, and his Ministry on the coffin scandal was the subject of a meeting today between the chairman of the Public Accounts Committee, N.D. Tiwari, and the Lok Sabha Speaker, G.M.C. Balayogi. They are expected to meet again in the next two or three days when Mr. Tiwari said he would get back to the Speaker with documents.

Mr. Tiwari and other members of the PAC, perhaps the most prestigious of all parliamentary committees, have taken exception to the Minister claiming his own innocence and circulating letters among MPs to this effect when the PAC was looking into observations made by the CAG on certain defence purchases, including the purchase of coffins for those who died in the Kargil war. The allegation was that an exorbitant price was paid for the coffins.

Mr. Tiwari had last week threatened to resign from his

post citing non-cooperation from the Defence Ministry and undermining of the PAC as a reason. The Opposition has also let it be known that it is determined to raise this issue in a big way during the current session.

It is understood that Mr. Tiwari today sought protection of the Speaker for the institution of the PAC and complained of scant regard to parliamentary traditions by the Defence Ministry, presumably at the instance of Mr. Fernandes. On Monday, Mr. Fernandes had met the Speaker regarding the same subject.

Troop pullback denied

NEW DELHI, FEB. 26. The Defence Ministry today denied reports suggesting that some troops were pulled back from the border with Pakistan in the southern sector. A Defence Ministry spokesman said here the operational headquarters of the southern army command was continuing to function from its forward location.— PTI

THE HINDU

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CBI takes up nationwide anti-corruption drive

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By Our Special Correspondent

NEW DELHI, FEB. 23. The Central Bureau of Investigation (CBI) today said that its countrywide special anti-corruption drive focussed on complaints of corruption involving 112 government officials from several departments such as the CPWD, Delhi Development Authority, Delhi Vidyut Board, Income Tax, Port Trust, Customs and Central Excise and public sector banks.

During the drive on Friday, the agency took up 36 cases for investigation. The operation, launched simultaneously in different places of the country, was monitored by the Joint Directors of the regions concerned and Central units of the CBI located in Mumbai, Kolkata, Chennai and Delhi. Immediate probe by selected staff have been ordered in all the cases. Extensive and simultaneous searches were also carried out

at 109 official and residential premises of the suspected persons under the direct supervision of the DIGs and SPs of the CBI.

In an official release, the CBI said cases taken up for investigation were of three divisions — Anti-Corruption, Economic Offences and Special Crimes. Five cases were taken by the Economic Offences Division in Delhi and Mumbai. In these cases, 21 suspected persons belonging to Union Bank of India, Reserve Bank of India, Sikkim Bank, United Bank of India and private firms located at Mumbai. The CBI maintained that the cases pertained to cheating, export fraud, abuse of official powers and falsification of records resulting in wrongful loss to the banks and public institutions.

The Special Crimes Division registered nine cases in which around 30 persons were involved. Some of these cases

had been registered on the directions of the High Courts or in pursuance of further investigations carried out in the Fake Arms Licence case, the agency said.

The Anti-Corruption branches in Delhi, Mumbai, Jaipur, Gandhinagar, Lucknow, Bhopal and Chandigarh took up 22 cases for intensive investigation in which 38 persons were involved. Searches were carried out at 78 places. The suspect officials belong to the CPWD, DDA, Port Trust, and some of them were senior Executive Engineers and Commissioners in the Central Customs and Excise Department. The CBI said searches resulted in the recovery of several documents, disclosure of disproportionate assets, benami bank accounts and investments. It was pointed out that investigation of these cases would take up some more time before the agency could compile the final tally.

THE HINDU

24 FEB 2002

Cong., Left for handing over
CVC report to PAC 31/1

By Our Special Correspondent

NEW DELHI, JAN. 30. The Congress and Left parties today demanded that the Government make available the Central Vigilance Commission report and all other relevant documents to the Public Accounts Committee (PAC) of Parliament. The reaction followed reports on the Government's refusal to hand over the documents on grounds that it would harm national security interests.

Opposing the Government's decision, the Congress said it was a case of "blatant stonewalling, of a piece with Tehelka and Coffingate". The party spokesman, Jaipal Reddy, said the Government's attitude showed that the Defence Ministry had a lot to hide from the parliamentary committee itself.

The party's contention is that the Government can refuse to share the documents with the PAC under two conditions. One if the disclosures would damage the

country's interests or if it would be subversive of national security. In the party's view, neither of these conditions is relevant in the present case. Mr. Reddy said the PAC's proceedings were confidential and there was little merit in the Government's stand that it would harm the national interests. "We are not saying make it public, all we are asking for is to hand over the documents to the Parliamentary committee", he said.

The Left Parties too demanded that the Government make available the CVC reports to the PAC and adopt a similar approach in making all relevant documents available to the PAC regarding the purchases made during the Kargil war.

The CPI(M) politburo said the Defence Minister's decision to deny documents was "indefensible" and that the CVC's report was of the highest public interest in the light of the continuing

scandals surfacing in defence deals.

"In a democratic system, defence contracts involving huge amounts of money must be transparent and accountable to Parliament. To take cover behind grounds such as "prejudicial to the interest of the State" are untenable," the CPI(M) said.

The CPI central secretariat said the Defence Minister, George Fernandes's denial was "not acceptable". "What skeletons in the cupboard is the government hiding?" it asked. The party alleged that while denying reports to the PAC, the Government was making selective leaks to the media. "It is the same George Fernandes who has leaked confidential documents to some persons to produce a booklet to defend himself. What cynicism is this, that cannot handover document to a parliamentary committee, but can do so to private individuals?"

Prabhat says he will resign

HT Correspondent

Ranchi, January 30

JHARKHAND GOVERNOR

Prabhat Kumar today said that he did not want to continue as Governor any longer and would submit his resignation to the President.

Kumar refuted media reports of his alleged links with Flex Industries chief Ashok Chaturvedi.

Sources close to him said that the Governor would leave for New Delhi tomorrow and submit his resignation letter to the President.

Kumar asserted that he had never done anything in his career which could compromise his integrity or dignity. He said he did not host many of the parties that the media reported, and had personally paid for the parties that he did host.

The Governor said he was deeply pained by recent reports alleging that he violated the civil service code. Kumar maintained he had never gone to the media on any issue in keeping with the highest traditions of the civil service of which he was a member for 37 years. "This tradition was hard to unlearn as Governor, so I talk to the press to deny these frivolous allegations published in the media," he said.

Kumar also said he was hurt by reports that he had already resigned. He said he had decided to relinquish office because of the media campaign mounted against him.

The Governor had a parting message for the people of Jharkhand. He said that he was greatly influenced by the composite culture of the State.

THE HINDUSTAN TIMES

31 JAN 2002

CBI races against CVC Bill

Jan. 4. — The CBI will investigate more than 1,500 gazetted officials, including 200 from the IAS and allied services, in the next two months. Some of them hold key positions in Union ministries and departments. This is possibly the country's biggest coordinated anti-corruption move.

The agency's hurry is because of the government's proposal to get the CVC Bill passed in the forthcoming session of Parliament. The Bill, if passed, will prevent the CBI from investigating senior officials without permission from the heads of departments/ministries.

The restriction is thanks to the inclusion of the infamous Single Directive, first instituted by Indira Gandhi in 1969, in the CVC Bill. It says an inquiry couldn't be instituted against joint secretaries without the sanction of the departmental secretaries. Cases against secretaries will have to be referred to the Cabinet secretary and cases against the

Cabinet secretary to the Prime Minister.

The Single Directive was reinserted into the CVC Bill after a parliamentary committee cleared it and the Cabinet approved of the inclusion. The Supreme Court (coram, Verma, CJ, Bharucha and Sen, JJ) had struck down the Single Directive on 18 December 1997.

A CBI source said a group of influential bureaucrats is leaving no stone unturned to get the CVC Bill passed because "that'll place them above the law". That's why "the CBI wants to complete the operation before Parliament's forthcoming session." Sources said of the 1,500 officials, more than 50 hold key positions in various ministries, departments and PSUs.

The list has been prepared on the basis of information gathered from the ministries, departments and PSUs.

The alleged offences include possession of assets disproportionate to known sources of income, abuse of official positions, criminal conspiracy, and misappropriation of government money. CBI sources said the

officials were under the agency's "close surveillance".

Around 550 of the officials are working in Central and state ministries and departments, while another 615 are with PSUs. The rest are allegedly involved in economic offences — defrauding banks and other financial institutions and private investors. The CBI has sought help from Income Tax department and the Enforcement Directorate.

The operation is being monitored by the CBI director, Mr PC Sharma. He has held four rounds of meetings since last August with senior officials, including special directors and deputy inspector generals, and has ordered his team to make ministry- and department-wise lists before launching the operation.

A CBI official said: "There's a phenomenal growth in the involvement of public servants in corruption cases. Between January and October last year, 1,433 cases were registered against public servants."

Harshad Mehta dead, judicial probe ordered

Times News Network

THANE: 'Big Bull' Harshad Mehta succumbed to a massive heart attack at the civil hospital here on Sunday, shortly after midnight. He was 47. District collector Iqbal Singh Chahal has ordered a judicial inquiry into Mehta's death.



Mehta, who was in judicial custody at the Thane central jail, had complained of chest pains at about 11 p.m. on Sunday and the jail doctors had administered medicines to bring his blood pressure under control. Mehta was later rushed to the civil hospital.

The controversial sharebroker's blood pressure reading was 130/110 and his pulse rate stood at 52. He also underwent an ECG and an X-ray test. "The ECG and the X-ray revealed changes (in the parameters) and we decided to shift him to the intensive cardiac care unit," said Dr R.A. Chavan, the physician on duty who had attended to Mehta.

Mehta reportedly told Dr Chavan that although there was no history of diabetes and blood pressure in his family, his father had had a sudden death. When asked about the tension he was undergoing, Mehta told the doctor that he had been used to pressure since 1992.

Mehta collapsed at about 11.50 p.m. and the doctors attending on him rushed to revive him with the help of artificial respirators. However, he did not respond to their efforts and was pronounced dead at 12.05 a.m.

There was frantic activity at the hospital as news of his death spread, with policemen and media personnel gathering in large numbers. Mehta's relatives reached the hospital at about 1 a.m. and tried to prevent photographers from taking pictures of the body.

► See Edit: The Bull's Last Leg, Page 8

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THE TIMES OF INDIA

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