

# No middlemen in deal, says Defence Minister

## NDA claims one middleman acted on Congress behalf

Sandeep Dikshit

**NEW DELHI:** Defence Minister Pranab Mukherjee on Wednesday ruled out the presence of middlemen in the multi-billion-dollar Scorpene submarine deal with France.

He said the then Defence Minister, George Fernandes, had given a clean chit to the company while answering questions in Parliament even as his Government refused to sign integrity pacts for the deal as suggested by the Central Vigilance Commissioner.

On the other hand, senior National Democratic Alliance (NDA) leaders claimed "there is a middleman who has received huge amounts said to be on behalf of the Congress." They demanded his arrest, scrapping of the

deal and placing of all files before an enquiry commission to clear the air on whether the previous Government had cleared the contract.

### Meet media

Deprived of the opportunity to air their views in Parliament, both sides met the media separately to give their versions of the submarine contract with French companies. "We have been disappointed by the response [Tuesday's statement in Parliament by Mr. Mukherjee]. We would like to reiterate that in this particular matter, the agreement has been violated. A comprehensive inquiry should be instituted to fix political responsibility and ascertain all other facts relating to scandal," said

Leader of the Opposition L. K. Advani.

Former Defence Minister Jaswant Singh said Mr. Mukherjee did not touch "some parts" in his statement. "I know for a fact that on three separate occasions, the Ministry of Finance [during the NDA Government] had substantial observations to make about the deal. In May last year too, the Ministry had found difficulties with the contract. All relevant files should be part of a comprehensive inquiry. That should settle the controversy," he said.

Mr. Mukherjee said Mr. Fernandes "was giving certificates to Thales to the extent that the French submarine met all the technical and operational requirements of the Indian Navy."

THE HINDU

# স্বরপিন দুর্নীতি নিয়ে

ফের সব  
বি জে পি

নয়াদিল্লি, ২২ মার্চ: ইউপিএ সরকারের দিকে ফের স্বরপিন হামল চালান বিজেপি। এ বার রাজ্যসভায় রাজ্যসভায় বিরোধী দলের নেত যশোবন্ত সিংহ কেন্দ্রীয় সরকারের বিরুদ্ধে স্বরপিনের বরাত দেওয়ায় অনিয়মের অভিযোগ তোলার পাশাপাশি অবশ্য বলেছেন, “সব সময়েই বলেছি, বফর্স ভাল কামান। কিন্তু কেনার পদ্ধতিতে গলদ রয়েছে। স্বরপিনের মানও ভাল। কিন্তু, কেনার পদ্ধতি নিয়ে প্রশ্ন রয়েছে।”

গত সোমবার লোকসভায় স্বরপিন কেনার ক্ষেত্রে বফর্সের চেয়েও বড় দুর্নীতি রয়েছে, অভিযোগ তোলেন বিরোধী নেতা লালকৃষ্ণ আডবাণী। কাল তা নিয়ে বিবৃতি দেন প্রতিরক্ষামন্ত্রী প্রণব মুখোপাধ্যায়। তখন বিরোধী এনডিএ শিবিরের প্রথম সারির নেতারা ছিলেন না। কেন্দ্রের বিরুদ্ধে চড়া সুরও নরম করে বিরোধীরা।

কিন্তু আজ ফের রাজ্যসভায় প্রশ্ন তুলে বিজেপি বুঝিয়ে দিল সহজে তারা এই আক্রমণ থেকে সরছে না।

কাল অবশ্য বিরোধীদের তোলা অভিযোগ খণ্ডন করে প্রণববাবু বলেন, অভিযোগ ভিত্তিহীন। পুরনো সমঝোতার তুলনায় সাড়ে চার কোটি টাকা বেশি দেওয়া তো হয়ইনি, উপরন্তু বোঝাপড়া করে ৩১৩ কোটি টাকা কম্মনা গিয়েছে। তাঁর দাবি, ফরাসি সংস্থাটি কোনও মধ্যস্থতাকারীকে কমিশন দেওয়ার অভিযোগ অস্বীকার করেছে। এর জবাবে আজ যশোবন্ত বলেন, সরকার যে ভাবে ফরাসি সংস্থার অস্বীকারের পিছনে লুকোনোর চেষ্টা করছে, তা দুর্ভাগ্যজনক। তিনি বলেন, “সরকার দাবি করেছে, চুক্তিটি নতুন করা হয়েছে। কেনই বা তা হল আর কখন তা করা হল, সে সম্পর্কে সরকার কিন্তু এখনও কিছুই জানায়নি।”

প্রণববাবু অবশ্য বলেছেন, “যে ইংরেজি পাশ্চিকে অনিয়ম নিয়ে খবর বেরিয়েছিল, সেই দৈনিকের বিরুদ্ধে ইতিমধ্যেই ফরাসি সংস্থা থ্যালেস দিল্লি হাইকোর্টে মানহানির মামলা করেছে। নিজেদের তরফে গলদ থাকলে তারা এ ভাবে আদালতে যেত না।” তিনি আরও বলেন, “এর আগে এনডিএ জমানায় জর্জ ফার্নান্ডেজ সংসদে বলেন, থ্যালেসের সঙ্গে পাকিস্তানের কি সম্পর্ক, তা জানা নেই। কিন্তু তাদের যোগ্যতা প্রশ্নাতীত। এখন তাঁরাই ওই সংস্থা সম্পর্কে প্রশ্ন তুলছেন।”

উল্লেখ্য, বিজেপি-র অভিযোগ, স্বরপিন চুক্তিতে মূল মধ্যস্থ অভিযেক বর্মা ফরাসি সংস্থা থ্যালেসের কাছে নিজেদের কংগ্রেসের প্রতিনিধি হিসাবে পরিচয় দেন। — পি টি আই

# We've brought down Scorpene price: Pranab

## Deal was finalised by NDA Government

Special Correspondent

**NEW DELHI:** The Government on Tuesday said in Parliament that any company violating the terms of contract for defence purchases would have to pay a heavy price.

Making statements in both Houses of Parliament in response to allegations of middlemen in the Scorpene submarine deal made by the National Democratic Alliance (NDA), Defence Minister Pranab Mukherjee said the NDA Government completed negotiations for the deal in 2002 and the Ministry of Finance approved it a year later. The present United Progressive Alliance (UPA) Government only reviewed the deal and reduced the price finalised by the NDA Government by Rs. 313 crore.

Mr. Mukherjee said the Defence Ministry had introduced the concept of integrity pacts for all deals worth over Rs. 300 crore. In case of breach of any provision such as the presence of middlemen, the pact provided for cancellation of the contract, the recovery of advances with penal interest, the imposition of liquidated damages and the recovery of money paid to a middleman or agent. The first two integrity pacts were signed with two French companies for the submarine deal.

### Matter referred to CBI

The Minister ruled out links between a leak of information in the Navy's war room (leading to the dismissal of three officers) and the Scorpene deal. His Ministry had referred the matter to the Central Bureau of Investigation for filing criminal proceedings against the dismissed officers, civilians and retired officers allegedly involved in the leak of information.

9-0. 22/3.  
• Integrity pacts signed with French companies for submarine deal

• No link between Navy leak and Scorpene deal

He also denied that the Government had kept quiet since the story broke early this year. Rejoinders were sent to a magazine that published the article on February 14. A detailed reply to an unstarred question was given on March 8 in the Rajya Sabha on several aspects of the deal.

Another French company too had denied the allegations and stated that the e-mails published in the articles in the magazine were fake and fabricated. It had since filed a case in the Delhi High Court, which had asked the magazine to respond to the allegations by the end of this month, said Mr. Mukherjee.

### Pact with PSU

He said the contract signed with the two French companies was for Rs. 7,197 crore and not for over Rs. 16,000 crore as had been made out by a news magazine, and on Monday by NDA leaders, L.K. Advani and Jaswant Singh, in the presence of the former Defence Minister, George Fernandes. Besides, another contract was signed with a public sector undertaking (PSU) for Rs. 5,888 crore for the indigenous construction of the submarines. In addition, Rs. 3,553 crore had been earmarked for taxes and Rs. 2,160 crore for other items.

He denied that the Government paid Rs. 4,500 crore more than what was negotiated earlier. On the contrary, it re-examined the project even though all negotiations had been completed by the NDA Government and reduced the price.

# Centre denies Scorpene scam

Statesman News Service

NEW DELHI, March 21. — The government today rejected allegations of middlemen and kickbacks in the Scorpene submarine deal and said that in fact it had managed to bring down the price by Rs 313 crore. It had also signed “integrity” pacts to ensure transparency.

Making a suo motu statement in the Lok Sabha, the defence minister, Mr Pranab Mukherjee, asserted that “no contract or contracts were signed with French firms for Rs.16,000 crore for the Scorpene project” as alleged by the Opposition and also a section of the media. He said that the total cost of the two contracts signed with the two French firms M/S ARMARIS and MBDA for the project was Rs 7,197 crore.

“The government did not pay an extra amount of Rs 4,500 crore over the money negotiated earlier. On the contrary, after the present government came to power, it re-examined the project even though all negotiations had been completed in 2002 and the ministry of finance had accorded approval to the project

in 2003,” he said. The UPA government held negotiations and “was able to achieve a reduction of Rs 313 crore from the negotiated position in 2002,” he said.

Dismissing charges by Opposition leaders and former defence minister George Fernandes that middlemen were involved in the deal and an extra amount of Rs 4,500 crore was paid to the French firms than was earlier negotiated, Mr Mukherjee said “the facts of the case are contrary to these allegations”. Even taking into account the Rs 58.88 billion contract with the Indian government-owned Mazagon Docks Limited for the indigenous construction of the submarines, the total value of all contracts signed for the Scorpene project was Rs 130.85 billion against the sanctioned Rs 187.98 billion, Mr Mukherjee said.

Pointing to the Integrity Pacts that had been signed “to ensure transparency of the project”, Mr Mukherjee stated these “contain severe penalties in case of breach of any of the provisions”. “The safeguards include cancellation of the contract, recovery of all advances with interest at

a rate of two per cent higher than the European Inter Bank offered rate, non-payment by the buyer of any dues, and the recovery of all sums paid to any middleman or agent,” the minister added.

He also pointed out that the French government was a signatory to the Organisation for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Holding that the French companies accused of kickbacks had denied the allegations and stated that the e-mails carried by the newsmagazine to substantiate its charges were “fake and fabricated”, Mr Mukherjee said they had also sued the journal in the Delhi High Court, which had given the publication till 27 March to respond.

Referring to the leak of classified information from the Indian Navy War Room, the minister said this did not relate to the Scorpene deal. Three navy officers had been dismissed for the leaks and the case had been handed over to the Central Bureau of Investigation for a further probe, he said.

THE STATESMAN

# রাতারাতি আক্রমণের সুর নামিয়ে স্করপিন-প্রশ্নে থমকে গেল বিজেপি

নিজস্ব সংবাদদাতা, নয়াদিল্লি, ২১  
মার্চ: ফরাসি সাবমেরিন স্করপিন কেনা  
নিয়ে ইউপিএ সরকারের বিরুদ্ধে  
অবৈধ লেনদেনের অভিযোগ তোলার  
২৪ ঘণ্টা পরে আকস্মিক ভাবেই চুপ  
মেরে গেল বিজেপি।

স্করপিন চুক্তিতে বফর্সের থেকেও  
বড় দুর্নীতি রয়েছে বলে কাল সরকার  
ও কংগ্রেস নেতৃত্বের বিরুদ্ধে রে রে  
করে উঠেছিলেন লালকৃষ্ণ আডবাণী-  
জর্জ ফার্নান্ডেজরা। আশঙ্কা ছিল, সেই  
সূত্র ধরে আজ সংসদেও  
সরকারপক্ষকে চেপে ধরবেন বিরোধী  
নেতৃত্ব। অথচ দুর্নীতির অভিযোগ খণ্ডন  
করে আজ প্রতিরক্ষা মন্ত্রী প্রণব  
মুখোপাধ্যায় যখন বিবৃতি দিলেন, তখন  
বিরোধী আসনে না ছিলেন আডবাণী,  
না জর্জ ফার্নান্ডেজ। নির্বাচনী প্রচারে  
আজ অসমে গিয়েছিলেন আডবাণী।  
কিন্তু তাঁর পরিবর্তে দলের কোনও বড়  
নেতাকেও আজ স্করপিন নিয়ে  
সরকারের বিরোধিতায় মুখ খুলতে  
দেখা গেল না। কেবল স্করপিন চুক্তি  
নিয়ে আগামী কাল আলোচনার দাবি  
জানিয়ে দিনের শেষে একটি নোটিস

জমা দেন লোকসভায় বিজেপির  
উপনেতা বিজয় মলহোত্র। সংসদের  
বাজেট অধিবেশনের প্রথম পর্বের  
কালই শেষ দিন। ফলে কাল আলোচনা  
কতটা সম্ভব হবে, তা নিয়েও সন্দেহ  
দলের অনেকেই।

স্করপিন চুক্তি প্রসঙ্গে বিজেপি তথা  
এনডিএ-র এই হঠাৎ অবস্থান পরিবর্তন  
নিয়ে আজ একাধিক প্রশ্ন উঠেছে। এই  
প্রতিরক্ষা চুক্তিতে দুর্নীতি হয়েছে বলে  
খবর প্রকাশিত হয় প্রায় দেড় মাস  
আগে। ফলে বিষয়টি নিয়ে সরকারকে  
চেপে ধরতে এমনিতেই অনেক দেরি  
করেছে বিজেপি। তার ওপরে কাল  
দুর্নীতির প্রশ্নে সরকারের সমালোচনা  
চড়ায় নিয়ে গিয়ে আজ হঠাৎই চুপসে  
যাওয়ায় শাসকজোড়ের নেতারা  
অবাক হয়ে গিয়েছেন।

তবে কী এ ব্যাপারে এনডিএ  
শরিকদের মধ্যেই মতপার্থক্য রয়েছে?  
নাকি মতবিরোধ রয়েছে দলের  
মধ্যেই? নাকি পাল্টা হিসাবে এনডিএ  
আমলের তহলকা-সহ একাধিক  
বিষয়ের পুরনো ফাইল সরকার খুলতে  
পারে, এই আশঙ্কায় আজ পিছিয়ে

গেলেন বিরোধীরা? এ প্রশ্নের স্পষ্ট  
জবাব অবশ্য পাওয়া যায়নি।

তবে দুর্নীতির অভিযোগের জবাব  
দিয়েছেন প্রণববাবু। তাঁর বক্তব্য, এই  
অভিযোগ একেবারেই ভিত্তিহীন। এ  
ব্যাপারে পুরনো সমঝোতার তুলনায়  
সাড়ে চার কোটি টাকা বেশি দেওয়া  
তো হয়ইনি, উপরন্তু বোঝাপড়া করে  
৩১৩ কোটি টাকা কমানো গিয়েছে।

তিনি আরও জানান, স্করপিন  
চুক্তিতে স্বচ্ছতার প্রশ্নে এমনিই সব শর্ত  
রয়েছে, যে কোনও অনিয়ম হলে এ  
বাবদ দেওয়া টাকা সুদ-সহ ফেরত  
পাবে সরকার। তা ছাড়া, ফরাসি  
সংস্থাটিও কোনও মধ্যস্থতাকারীকে  
কমিশন দেওয়ার অভিযোগ সম্পূর্ণ  
অস্বীকার করেছে।

অন্য দিকে, নৌসেনার ওয়াররুম  
থেকে তথ্য ফাঁস হওয়ার ঘটনা প্রসঙ্গে  
প্রণববাবু বলেন, ইতিমধ্যেই বিষয়টি  
নিয়ে সিবিআই-কে তদন্তের নির্দেশ  
দেওয়া হয়েছে। তিনি জানান, ওই  
ঘটনায় জড়িত নৌসেনা অফিসার বা  
অন্যদের বিরুদ্ধে ফৌজদারি মামলা  
দায়ের করার কথা ভাবছে সিবিআই।

Govt papers show 13 deals with 'blacklisted' firm when Fernandes was minister

# Scorpene records turn gun on NDA

OUR SPECIAL CORRESPONDENT

New Delhi, March 21: The NDA's charge that there were payoffs from a French company to win the order for Scorpene submarines is being turned around on the Opposition alliance because the defence ministry has now dug out records to show the extent of negotiations and relations that were established with the firm during the tenure of George Fernandes.

Sources in the ministry said today that during the NDA regime, the defence ministry with Fernandes at the helm negotiated or signed at least 13 contracts with Thales — the French holding-company of Scorpene-maker Armaris — that Lal Krishna Advani said yesterday was a "blacklisted" firm.

Some of the contracts — including one for thermal-imaging (night-vision) devices — were signed with subsidiaries of Thales. On April 4, 2002, contrary to the charge by Advani, the defence ministry had also issued a statement saying Thales was not a blacklisted company.

The sources studied the allegations made by Advani, Jaswant Singh and Fernandes at a news conference in New Delhi yesterday and have prepared a point-by-point rebuttal of the charges. A summary:

■ **Charge:** Finance minister P. Chidambaram wrote to Pranab Mukherjee on May 13, 2005,



Fernandes: Under fire

expressing concern about the cost of the deal

■ **Explanation:** No such letter as claimed by the NDA. The letter of the date quoted by the NDA is a request by Chidambaram to give an audience to German representatives of MAN-Ferrosstaal-HDW, also submarine-makers who were bidding for the order. Chidambaram did not voice concern on the cost of the project

■ **Charge:** The NDA government had similar concerns and it did not clear the deal

■ **Explanation:** The NDA government approved the proposal to buy Scorpene submarines on October 9, 2002. The finance ministry cleared it on December 19, 2002.

The NDA government also refused to accept the advice of the central vigilance commissioner on signing integrity pacts. The UPA government overruled this decision and decided to sign the integrity pacts

■ **Charge:** The UPA government pushed through the deal in five "hasty" months

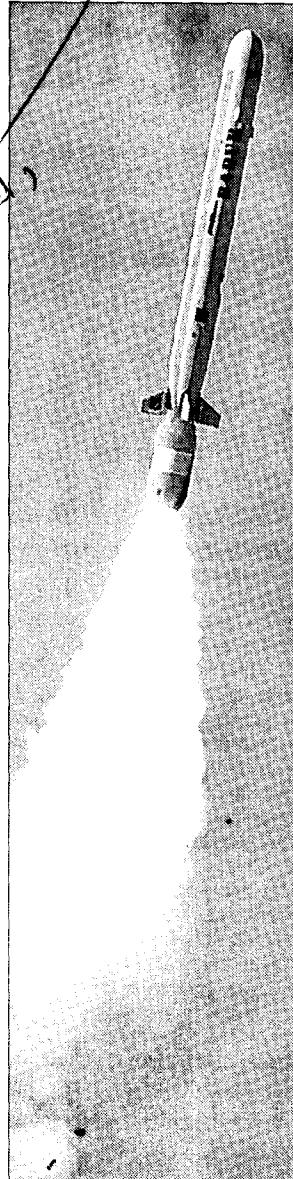
■ **Explanation:** In 1980, the government approved the building of four HDW submarines. On April 19, 2001, the NDA government decided to acquire submarines on a single-vendor proposal from CSF Thomson (now Thales) for induction of six Scorpene submarines. HDW was facing bribery charges by then.

In several meetings since then, the NDA government did examine options such as a global tender but still settled on the Scorpene offer primarily because naval headquarters projected that by 2012, the submarine force level would plummet to nine from 18 in 1998. The Indian Navy's submarine force-level was plummeting while Pakistan was bolstering its fleet with Agosta submarines.

The UPA government considered the Scorpene case "afresh" despite earlier approvals by the defence and finance ministers of the NDA regime.

The UPA government approved the proposal after re-negotiating the deal at a cost that was Rs 313 crore less than that negotiated in Fernandes's term.

Defence minister Mukherjee also overturned the decision of the NDA government on the integrity pacts that forbid the use of unfair means and levies heavy penalty, including cancellation of the order, if the contract is flouted.



Pakistan's nuclear-capable missile, Babur or Hatf VII, being test-fired successfully from an undisclosed location on Tuesday. The cruise missile, which was test-fired for the second time, can hit targets within a 500-km range that includes many Indian cities. (Reuters picture)

# Pranab rebuts, point by point

OUR SPECIAL CORRESPONDENT

New Delhi, March 21: Defence minister Pranab Mukherjee today fired a point-by-point rebuttal to the NDA's allegations on the Scorpene submarine deal.

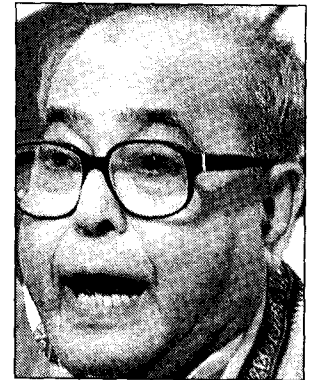
Making a suo motu statement in the Lok Sabha, Mukherjee dismissed the Opposition's allegations as "completely contrary" to facts and lauded his government for bringing down the price of the submarines.

The UPA regime re-negotiated the contract that was finalised in the NDA's tenure and brought down the price by Rs 313 crore, he said.

No extra Rs 4,500 crore was paid as alleged by NDA leaders, he claimed. "On the contrary, after the present government came to power, it re-examined the project even though all the negotiations had been completed in 2002 and the ministry of finance had accorded approval to the project in 2003."

He said the contract with French firms Armaris and MBDA was worth Rs 7,197 crore. There was an additional agreement with Amazon Docks Limited — where the submarines will be made indigenously — and this would cost Rs 5,666 crore.

The total cost then comes to Rs 13,085 crore and not Rs 16,000 crore as claimed by the NDA leaders, the minister pointed out. He said the government had sanctioned Rs 18,798 crore but the deal



Mukherjee: Counter-attack

was clinched at much less.

Mukherjee said the contracts had in-built mechanisms to check corruption through the integrity pacts.

He said the stringent safeguards meant cancellation of the contract, recovery of all advances, non-payment of dues to make recoveries, imposition of liquidated damages and the recovery of all the money paid to any agent.

He said the French government also took the Indian side into confidence on the corruption aspect and assured that it was a signatory to Organisation for Economic Cooperation and Development convention on combating bribery of foreign officials in international transactions.

The minister denied that the navy war room leak case was linked to the Scorpene deal, but admitted that information of "commercial value" was leaked. Three officers have been dismissed from the service.

# Advani fires Scorpene torpedo

9.8.06  
**IS THERE SOMETHING UNDER WATER?**

## What's the Scorpene deal?

On October 6, French company Armaris given contract for building six Scorpene submarines in India for \$3.5 billion.

## What's the charge?

Advani says middlemen involved. Abhishek Verma, businessman and son of a Congress leader, named. He's said to be in league with Shankaraman, a relative of navy chief Arun Prakash.

## What does the supplier say?

It denies. Says its officials met Verma in a Delhi expo after the deal.

## What's the government doing?

CBI probing alleged leak of information. Pranab Mukherjee says price being paid is Rs 313 crore less than what predecessor George Fernandes negotiated.



**By far the biggest defence scandal, one that is far bigger than Bofors**  
**L.K. Advani**



**On Scorpene deal, there is nothing to investigate**  
**Pranab Mukherjee**

## OUR SPECIAL CORRESPONDENT

New Delhi, March 20: Lal Krishna Advani today described the alleged corruption in the Scorpene submarine deal as "much bigger than Bofors", calling for the \$3.5-billion contract to French firm Armaris to be immediately cancelled.

For the second time in a month, Advani took complete command of the BJP's attack on the government after having earlier unilaterally announced his yatra following the Varanasi blasts.

Flanked by Jaswant Singh and George Fernandes, Advani, the leader of the Opposition, organised a power-point presentation on the Scorpene deal at his residence, not at the BJP office.

The presentation suggested involvement of Congress president Sonia Gandhi and defence minister Pranab Mukherjee in the contract under which six Scorpene submarines are to be built at the Mazgaon Docks in Mumbai.

He said the Scorpene deal and the de-freezing of Ottavio Quattrocchi's bank accounts in London would top the National Democratic Alliance's agenda for the rest of the budget session.

Defence minister Pranab

Mukherjee, who will make a statement in Parliament tomorrow, said the French company had told the government no broker was engaged by it to win the deal.

He said it was the first deal signed with an integrity pact that has stringent provisions against use of unfair means. If, despite the safeguards, the use of middlemen is established, the deal can be cancelled and the firm penalised, he added.

The NDA leaders made five main demands:

- The contract be immediately terminated
- Suppliers be made to pay a fine and refund payment made to middlemen with specified interest
- Probe to fix political accountability
- Arrest of middlemen — Abhishek Verma, the son of a Congress leader and businessman, and his associates, if any
- Action against foreigners involved in the naval war-room leak where officers are alleged to have passed on information to bidders for the submarine deal.

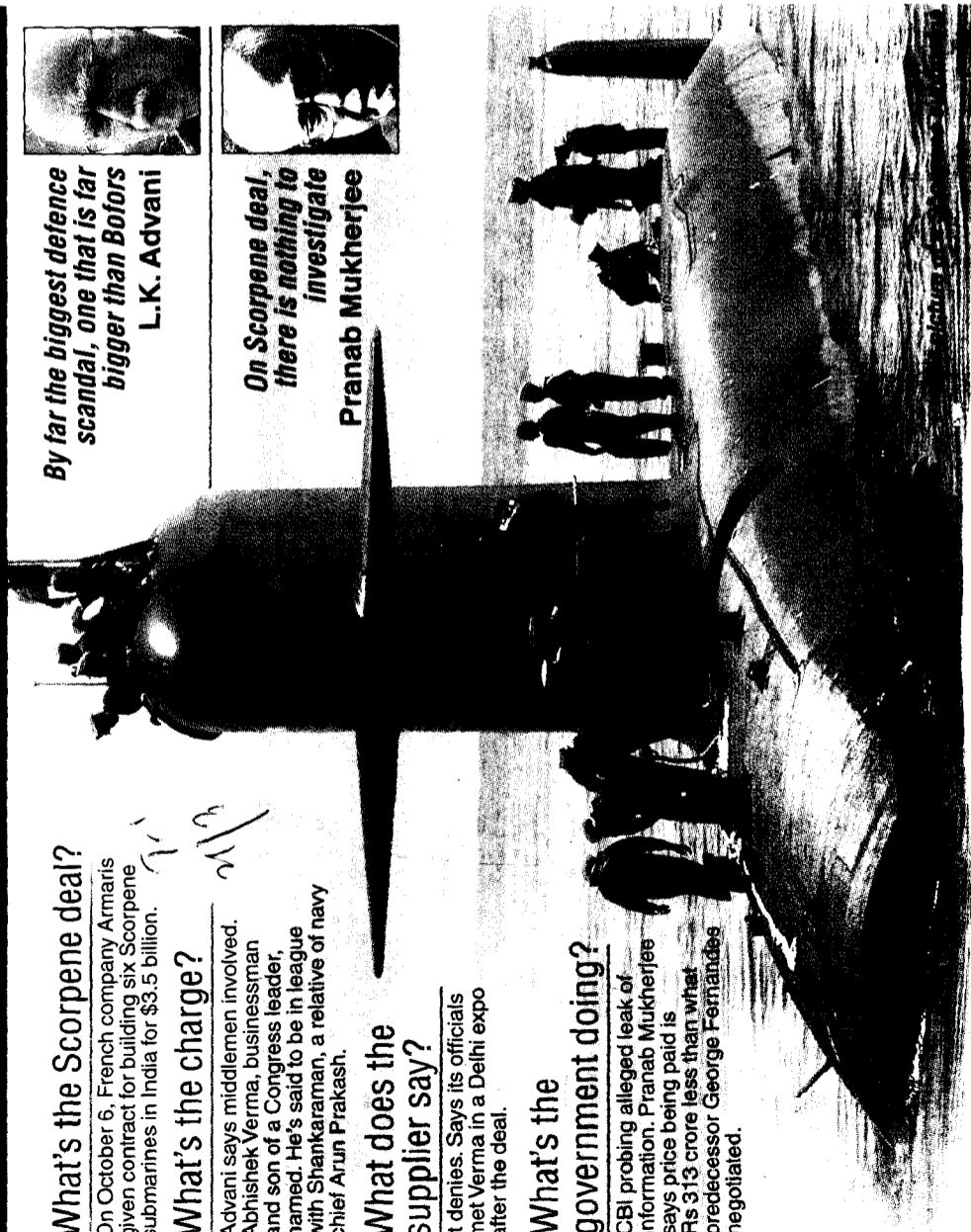
Advani and Jaswant Singh alleged that information which had filtered out of the "naval war room" could have been used by middlemen. The navy has dismissed three officers, who have challenged the order

in court.

The NDA leaders cited purported e-mail exchanges between Verma and his associates to imply that he had access to information available only to the Prime Minister, defence minister and the chief of naval staff. They quoted the e-mails and phone records to implicate Manmohan Singh and Sonia. Quoting the e-mails, they cited a reference to a "certain lady" in the Congress.

"Even after a meeting with the RM (Raksha Mantri), Thales (the French partner in Armaris) would want an assurance directly from the lady," said Verma in the alleged e-mail. Jaswant Singh asked: "Who is this lady in the ruling establishment?" He cited Verma's phone records to show he spoke to Motilal Vora, the Congress treasurer, at 1.33 pm on May 28, 2005.

The Scorpene deal was concluded in October. "Information available with us reveals that in October 2005, after the UPA government cleared the Scorpene deal, Thales Charitable Trust transferred \$50 million from its account number G625.712 (in UBS Bank, Zurich) to account number 0026324 of LGT Bank, Vaduz, Liechtenstein. Abhishek Verma has an account in the same bank," Jaswant Singh said.



# Centre seeks 4 months to complete Kargil purchase scam probe

Anyone, however highly placed found guilty of any lapse or misconduct will not escape punishment, Centre tells Supreme Court

Legal Correspondent

**NEW DELHI:** The Centre has filed a status report in the Supreme Court on the progress of the CBI probe into 25 defence purchase deals made during and after the Kargil war in 1999.

In its affidavit, the Centre said that after a preliminary inquiry into six cases of purchase of hand thermal imagers, special ammunition for 40 mm L-70 guns, aluminium caskets, spares for 155 mm guns, Kolos Tyres

and special woollen socks, the Central Bureau of Investigation decided to conduct an in-depth probe. The Government sought four months for completing the probe.

The Centre said it had taken the December 11, 2001 report of the Comptroller and Auditor General seriously. "If there is any negligence/misconduct or criminality involved in procurement of defence supplies or that the use of the Kargil war was used to procure material which

was otherwise useless, the Defence Ministry and the Government would take strict action against the erring officials, however, high."

In 10 cases, the CBI said it appeared no criminality was involved in procurement. But departmental action was advised in four of these cases. It would be taken as expeditiously as possible. "Anyone, however highly placed, guilty of any lapse/misconduct, would not be permitted to escape proper punishment," the Centre asserted.

The Ministry said it accepted the CBI recommendations in respect of nine cases. In the case relating to automatic grenade

launchers, "the Ministry is of the view that the matter requires a further inquiry by the CBI and has referred it to the agency."

Of the total of 25 cases, the remaining nine cases were still under preliminary inquiry and it was expected that in another four months, the CBI might complete its probe and a report would be submitted to the court.

## Allegations against NDA

The Centre filed this affidavit on a public interest petition,

which alleged that irregularities caused the exchequer a loss of Rs. 2,175 crore. It was alleged that the NDA Government had during the Kargil war relaxed norms for the purchase of equipment, arms and ammunition, but did not revert to the old procedure even after the operations ended.

Denying this allegation, the Centre in its first affidavit gave a clean chit to the former Defence Minister, George Fernandes, stating the simplified procedure

"in no way violated any of the financial rules of the Government or the Defence Procurement Procedure, 1992."

Subsequently the Ministry, in another affidavit, said 23 cases were being referred to the CBI, apart from the two deals mentioned in the Tehelka tapes.

Thus the CBI would probe 25 of the 35 cases mentioned by the CAG. During the last hearing in January, the court asked the Government to file a status report.

11/13

THE HINDU



# Opp turns Quattrocchi fire on govt on Day 3

PRESS TRUST OF INDIA  
NEW DELHI, FEBRUARY 22

THE Lok Sabha today witnessed an uproar over the defreezing of the bank accounts of Italian businessman Ottavio Quattrocchi with the BJP-led Opposition demanding the suspension of Question Hour to take up the issue.

Soon after the House met, BJP deputy leader V K Malhotra raised the issue, alleging that it involved corruption at high levels in the ruling Congress.

This was stoutly opposed by the treasury benches, leading to noisy scenes.

Despite Speaker Somnath Chatterjee's assurance to members that he would allow them to raise the matter later, the Opposition did not relent.

The Speaker then adjourned the house for 15 minutes. Describing Ottavio Quattrocchi as "no different a fugitive" from underworld don Dawood Ibrahim, leader of the Opposition L K Advani asked Singh, who was present in the house, why the government was having a "soft corner" for him.

Some Congress members were up on their feet when Advani referred to Quattrocchi as a person who does not believe in the Indian legal system and is a "friend of Sonia Gandhi's family".

Wondering why the government had gone out of its way to get Quattrocchi's accounts defrozen, he said there was no

way an officer of the government such as Additional Solicitor General B Dutta could have gone to London without the permission of the PM.

Claiming the CBI was never in favour of defreezing the accounts, he said the PM should inform the House about who asked the agency to clear the way for Quattrocchi to withdraw money from these accounts. Advani asked why the government had not gone in for an appeal in the Supreme Court in the Rajiv Gandhi and the Hinduja cases. He sought to know who was "misleading" the country—the Prime Minister, Sonia Gandhi, the Law Minister or the CBI.

Advani contended that while the Prime Minister had said that he was not aware of the law officer going to London, the Law Minister held that there was no evidence against Quattrocchi in the Bofors payoffs case and that the accounts were defrozen at the request of the CBI.

Braj Kishore Tripathi (BJD) said the Bofors issue had surfaced way back in 1987 and alleged that the Congress-led coalition at the Centre was now trying to "cover up the entire issue".

When Minister of State for Personnel Suresh Pachauri rose to reply to the Opposition charges, members of the BJP and its allies trooped into the well, insisting on a reply from the Prime Minister.

This prompted the Speaker to say, "After recording my total condemnation of the methods adopted....in which the government has not been allowed to respond...which is most undesirable...I adjourn the House" till 1400 hours.

After the House reassembled, BJP deputy leader V K Malhotra hoped the PM would respond to the matter during his reply to the discussion on the motion of thanks to the President's address and said, therefore, the Opposition was not pressing the issue.

2005

INDIAN EXPRESS

# Dutta went to London on CBI's direction

## Ensure Quattrocchi Doesn't Withdraw From London A/c, SC Tells Govt

**New Delhi:** Seeking to put a lid on the controversy on defreezing of bank of accounts of Italian businessman Ottavio Quattrocchi, the CBI on Monday said Additional Solicitor General B Dutta went to London in connection with the Bofors case at its directive and neither the law ministry nor the department of personnel and training (DOPT) had any role to play.

"Neither the DOPT nor the law ministry have any role to play in sending the Additional Solicitor General to London," CBI joint director A K Majumdar told reporters here. "This is purely a CBI decision and Crown Prosecution of London only communicates with CBI," he said.

Majumdar said the CBI has asked the crown prosecution whether the London High Court has ordered defreezing of Quattrocchi's accounts in a London bank. The CBI has informed them about Monday's supreme court order directing the investigating agency to ensure that money was not withdrawn from the accounts by Quattrocchi, he said.

Meanwhile, the supreme court on Monday directed the government and the CBI to ensure that Quattrocchi did not withdraw from London bank the amounts alleged to have been linked with the Bofors kickback.

Directing that steps should be taken for maintaining status quo on Quattrocchi's accounts, which were frozen in July 2003 on government's request, a bench comprising Chief Justice Y K Sabharwal, Justice C K Thakker and

Justice R V Raveendran said the authorities should rise to see that amounts should not be withdrawn if already defrozen.

"Till further order we direct the Centre and CBI to take necessary steps for maintenance of status quo on accounts in question so that the defreezing of accounts does not take place.

"If the defreezing of accounts have already taken place, it should not be allowed to be withdrawn," the bench said and issued notices to the Centre and the CBI and posted the matter for further hearing on January 23.

Maintaining that since the averments made in the petition were largely based on the media reports, the bench directed Additional Solicitor General Gopal Subramanian to clarify government's stand on various issues, particularly relating to the question of defreezing of Quattrocchi's bank accounts and on prosecuting the Italian in Bofors case.

"We would like to know that on the defreezing of Quattrocchi's bank account, any steps have been taken by the Union of India and CBI," the bench told ASG.

The bench made it clear to the ASG that it was also seeking answer whether the Centre and the CBI wanted that Quattrocchi's account be defrozen. "If this was so, at whose instance, the defreezing of his account was being taken," it said.

On the pending case against Quattrocchi, allegedly the middleman in the Bofors deal, the court said "If they

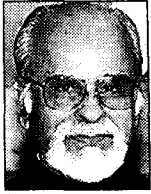


## End case against me: Ottavio

**New Delhi:** Breaking his silence, Ottavio Quattrocchi on Monday said it would be in India's interest to bring the case against him in the Bofors payoffs to an end since the CBI has found no proof to link him with it and the British authorities were left with no option but to defreeze his accounts. "I believe it would be in the interest of justice and India's reputation if this case against me is brought to an end," he said in a statement issued from Milan in Italy as a controversy rages in India over the defreezing of his bank accounts in London. Quattrocchi, an accused in the Rs 64 crore alleged kickbacks in Bofors gun deal, said "The Bofors case has been probed for almost 20 years by the CBI, the leading investigating agency well-connected worldwide and no proof has been found to link me with Bofors. I am the victim of a political campaign waged by a political party against the Gandhi family," he said without elaborating.

(Centre and CBI) are of the view that the case be dropped against him, obviously they should have gone to the criminal court (where the trial is pending)." Agencies

ASG  
THE UNION OF INDIA



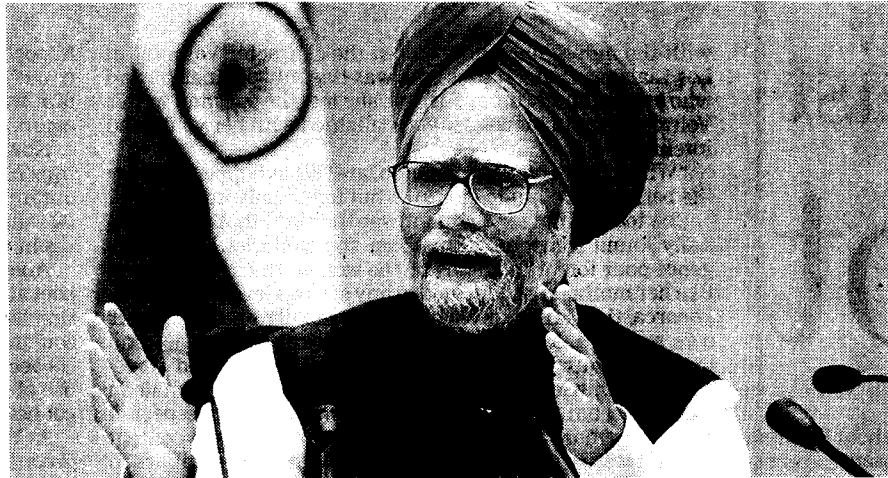
GUEST COLUMN | Inder Kumar Gujral

# The PM's two-year mark

*It's time to take stock of Dr Manmohan Singh's performance in office — and he gets a decent 7.5 out of 10. But many problem areas remain*

**H**OW DO I view the first two years of the Manmohan Singh era? To do justice to it, let me segregate the two: the personality of Manmohan Singh and the challenges that confronted his regime. Manmohan Singh is the first Prime Minister who is not from the Congress stock, yet he rules on its behalf. The credit for success of this novel arrangement primarily goes to Sonia Gandhi. No one had ever any doubt about Manmohan Singh's integrity or intellectual capabilities though no one was sure if such a diarchy would last. Particularly when she had sidelined some veterans of her own party. All the same, it has worked to general satisfaction of the nation.

Of late we see some chinks in the armour of this dichotomy that is not caused by any of its political adversaries but by a leading insider who always had his private agenda. The ghost of 'quota in higher education' was dug out without prior approval of the Cabinet or the Congress Party's Working Committee or even endorsed by its president. Even the coalition's Common Minimum Programme had not spelt it thus. The PM may recall that this new lover of the 'quota for the OBC' was a strong opponent of the Mandal Commission recommendations. He was also averse to Sitaram Kesari's efforts to re-cast the Congress party's policy in this regard. It bears repetition to recall his strong aversion to VP Singh, the leading proponent of the 'Quotas-for OBC' philosophy! The DMK, a vigorous advocate of this doctrine, was falsely accused of a nefarious role in Rajiv Gandhi's assassination. Manmohan Singh may also remember how much his mentor, PV Narasimha Rao, was torment-



A FEW STEPS FORWARD, A FEW BACKWARD: Prime Minister Dr Manmohan Singh

ed by the same worthies. One hopes that such machinations will not deflect Manmohan Singh from his policies nor would he lose his cool or sagacity in sorting out this issue to every one's satisfaction.

I think the PM's task will get even more troubled as the Rashtrapati and Vice Presidential elections get nearer. Selection of the ruling party candidates for these high offices will rouse dormant ambitions of some. We will soon see more of the 'private agendas' to test Singh's acumen and Sonia Gandhi's stamina.

In these two years of Manmohan Singh's leadership, India's handling of the Nepal crisis caused disbelief at home and dismay in Kathmandu. Initially the PM was consulting some senior leaders but soon he passed on baton to the MEA mandarins who were more keen to accommodate Gyanendra's sensitivities and American catechisms than to get attuned to the democratic sentiments of Nepalese people. They failed to comprehend that the widely spread upsurge was not a traditional 'political agitation' but a 'revolutionary upsurge' wanting to terminate the time worn monarchy. Our diplomacy imparted an impression of India's priority to retain the status quo ante in Nepal. Thank God that towards the end a leading member of the CPI (M) saved the day for us. Otherwise 'a dominant regional power' had lost its bearings!

But it was not all black for our foreign

policy. Singh has won laurels for his handling of Indo-Pak and Sino-India relations. The ghost of civil war in Sri Lanka and the fundamentalist-violence in Bangladesh is haunting the region. We have still to determine if we can play any role in these neighbouring countries.

The PM's personal handling of the Kashmir situation has given a message of hope to the distressed people.

Only a day back, a leading journalist from Chhatisgarh gave me an account of the prevailing public despair in that remote part of the country. He was deeply disappointed that the PM was not providing the needed leadership to the states where the Naxals are causing immense damage. It makes them feel that the Government of India is not focused enough to fully comprehend the menace that is plaguing the entire tribal belt. "Unless the Prime Minister and his important colleagues visit us frequently to boost the sinking public morale, merely sending of a few companies of police or casual media statements would not help!"

According to an astute observer of the international affairs, "an unfortunate impression prevails in the public mind that India has moved too close to the American diplomacy imparting an impression of servility." The PM must keep in mind this widely spread cynicism while working out his policy responses to the Iranian imbroglio.

Time and again Singh has exhibited his humility and capacity to absorb shocks. But that is not enough for leader of a billion people. Nehru has bequeathed us the legacy of pride that every Prime Minister of India is expected to preserve. I favour good relations with USA, but it must conform to basic paradigms of the NAM.

Singh is temperamentally a practitioner of the Congress culture that is a culture of moderations: moderate in virtues and also, moderate in views. A culture that is left of the centre and also centre of the right. It is a culture of intellectual moderation that may be called liberalism. Unfortunately, he has often exhibited more of it while dealing with his fellows in the party who defy him to harm the Nation's well being.

Singh has often talked about the urgent need for a 'second Green Revolution'. But the only tangible step taken so far is to import wheat. There is nothing inherently wrong in it though it has caused anxiety to the agrarian community who believe that shrinkages in land for wheat farming is the main culprit. The nation is pained to hear the Minister of Agriculture telling the Parliament that more than one lakh *kisans* have committed suicides in the two preceding decades because of the heavy debt burdens. Does it not call for a whole sale waiver of agrarian debts as was done by the VP Singh government in 1990? Radical agrarian credit reforms are urgently called for. The urban elite may not like it but desperate situations require radical remedies!

Manmohan Singh has rightly placed his finger on the nation's energy deficiency and its dismal future, but he has still to discover a reliable route for its redressal. The Bush-Singh agreement regarding nuclear energy is lingering. Similar is the fate of the Central Asian gas pipelines. No one knows if these will ever touch our soil.

I hope the PM appreciates that a leader's role is like that of a cyclist who must keep on pedaling, and peddle harder and faster because it is an uphill task to keep the nation engaged. All said, my estimate of Manmohan Singh's two years in office gets him seven out of ten marks for his efforts to safeguard national interests. I could perhaps add another .5 for his diligently retaining the nation's faith in his leadership!

*(The writer is a former Prime Minister of India)*

21 MAR 2006

# Ready to talk to militants if they shun arms, says Manmohan

Q. P.M.  
7.10.12  
2/5

## Reduction in troops could be considered if terrorist violence comes down

Shujaat Bukhari

**SRINAGAR:** Prime Minister Manmohan Singh said on Thursday that his Government was "ready to talk to militant groups if they shun the path of violence."

Stating that "our armed forces are not the forces of occupation," he said reduction in troops could be considered if the terrorist violence came down.

"Anybody who shuns violence and gives up the path of terror, we are willing to find ways and means to interact with all such groups," Dr. Manmohan Singh told a press conference shortly before returning to New Delhi.

He expressed the hope that those who did not attend the round table conference this time would change their stance. Responding to a question on the

Hurriyat Conference boycotting the conference he said "I have not lost hope and I am confident that all those who are for a peaceful solution to the problem faced by the State will work together."

He said that during his meeting with the Hurriyat leaders he got the impression that they were in favour of this conference and would consider attending.

"We all must put wisdom and knowledge together to put an end to this chapter."

The Prime Minister ruled out immediate reduction in troops as demanded by some political

parties and said "our troops are here to protect the life and liberty of our citizens. If the basic cause for their presence is removed, we can consider all these options."

The Prime Minister said if terrorism decreased, "there is no reason for us to keep the armed forces in the same number" and the matter was being constantly looked into by the Government.

While responding to a question on disappearance of thousands of Kashmiri youths during the 16 years of militancy, he said there was no specific discussion on the issue at the round table. "But I think there are possibilities of taking on board this issue in one of the working groups (set up by the Government on Thursday) dealing with confidence-building measures."

## Renews appeal to doctors

Special Correspondent

**SRINAGAR:** Prime Minister Manmohan Singh on Thursday once again appealed to doctors to call off their anti-reservation strike.

At a news conference here, he said, "We will find viable, credible ways to protect the interests of all segments of

students."

On two occasions he appealed to the students to call off their strike. "It pains me whenever any segment of our population, particularly youth, goes through that agonising experience."

Dr. Singh said the matter was settled. "I think the coordination committees of

the UPA together with the Left parties have met. They have worked out a detailed road map. All questions that were raised have been effectively answered. I believe now resolution is a public document. To say that I am silent and not visible is not true," he said in response to a question.