

BY REGISTERED POST

3307

January 9, 1964.

My dear Rajaji,

Jaun
* As Ramgarh will be coming to Bangalore and will in all probability try to extort further concessions in regard to the Jeep Credit where he is following legal action by the Central Bank, I have taken the trouble of having this attached note prepared to refresh our memory and bring the story up to date.

Yours sincerely,

Encl*

M. R. Masani
(M. R. Masani)

Mr. C. Rajagopalachari,
60 Basulullah Road,
T'nagar,
Madras 17.

mrm:pz

January 9, 1964.

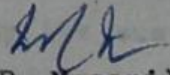
BY REGISTERED POST

My dear Ranga,

Herewith a note on the position as of today in regard to the Bihar Jeep Credit since I apprehend an attempt to reopen the matter may be made by Ramgarh in Bangalore. I have also sent a copy to Rajaji and Mr. Munshi.

Yours sincerely,

Enc: *


(M.R. Masani)

Prof. N.G. Ranga, M.P.,
Bombay.

Note on present position regarding the Bihar Jeep Credit.

The last occasion the position in regard to the Bihar Jeep Credit was reviewed was the meeting of the Organisation Sub-Committee in Madras on August 3, 1963. The General Secretary had then reported the matter and the meeting authorised the General Secretary in consultation with Mr. K.M. Munshi to take necessary steps to safeguard the Party's interests.

2. It may be recalled that the Parliamentary Sub-Committee at its meeting on March 14, 1962, had offered to pay the Bank on behalf of the Raja of Ramgarh the sum of Rs.1,40,000/- in one lump sum, provided the Raja reciprocated by paying his share of Rs.1,20,000 plus the interest that had accrued on the credit. If the Raja failed to pay the amount, the Party would continue to pay in instalments of Rs.20,000 a month until the sum to be paid by the Party viz. Rs.1,40,000, had been paid. The Raja had agreed that he would pay off his liability "in a short time". The 15 jeeps that had become the Party's property ^{by them} would be used in Bihar for party work but would be registered in the name of the Bihar State Party and would be held in trust for the Centre.
3. The Raja of Ramgarh however, failed to pay the sum of Rs.1,20,000 and the interest on it. The Party, as decided by the P.S.C., continued to pay its share on behalf of the Raja of Ramgarh and paid its last instalment in October 1962, thus having paid a total of Rs.2,80,000.00
4. Meanwhile, letters were sent in June 1962, to the Central Bank (copy of which was sent to C.O.) as well as to the Central Office by Mr. Bateswar Singh who described himself, in the Raja's absence abroad, as the Constituted Attorney for the Raja of Ramgarh, attempting to implicate the Party in the transaction between the Bank and the Raja.
5. The General Secretary, after consulting Mr. K.M. Munshi, in letters to the Bank, to Mr. Bateswar Singh and Dr. Basant Narain Singh, brother of the Raja of Ramgarh, had set the record right and affirmed that whatever amounts were paid to the Bank by the Party were made on behalf of the Raja of Ramgarh on his request and that the Party had never entered ~~into~~ into the transaction or had any part in it.

6. Since the OSC meeting last August, the New India Assurance Co.'s representatives contacted the Central Office, in September, seeking their good offices in getting the Raja of Ramgarh to pay up the sum of Rs.1,20,000.00 and the interest on the ~~credit~~. The New India's representative informed the Central Office of the various attempts made by them as guarantors to secure ~~the~~ repayment by the Raja of Ramgarh. He reported that when a representative of New India met the Raja in Calcutta and asked him to either pay or hand over the jeeps, the Raja at first refused to do so and invited the Bank to file a suit against him, so that he could file a counter suit against the Party. Alternatively he is reported to have offered to hand over to the Bank 23 (out of the 33) jeeps belonging to us, which he was holding in trust, while paying Rs.1,20,000.00 and the interest on that amount. The implication of this was that the Bank could sell the jeeps belonging to the Party and reimburse themselves for the interest ~~on~~ that had accumulated because the amount of Rs.2,80,000 was paid in instalments and not in one lump sum. This further interest could easily have been avoided if only the Raja of Ramgarh had fulfilled the undertaking he had given the Parliamentary Sub-Committee at its meeting on March 14, 1962, referred to earlier.
7. In an effort to explore all avenues for a settlement short of taking the matter to Court, ~~the~~ New India pleaded with the Central Office to use their good offices with the Party and respond to the extent possible to Ramgarh's offer. The General Secretary readily agreed to place the matter before the Party's Organisation Sub-Committee and secure their positive response provided the Raja of Ramgarh did the following on his part:
- i) The Raja of Ramgarh should forthwith pay Rs.1,20,000 and the interest on this amount
 - ii) Give ~~the~~ New India's representative a document renouncing his (Ramgarh's) interest in the 23 jeeps belonging to the Swatantra Party.
8. Since the General Secretary went abroad on September 1, 1962, the matter was given further attention by ^{the then} officiating General Secretary, Mr. N. Dandeker.

9. The Central Office then discussed the matter further with Mr. K.M. Munshi, the Party's senior Vice President, and with his consent secured the advice of Messrs. Little & Co. Solicitors. After discussions between Mr. Munshi and Little & Co. it was recommended that

i) Under no circumstances should the C.O. enter into any correspondence either with the Raja of Ramgarh or any other representative of his.

ii) The position of the Swatantra Party in the Jeep credit transaction was clear and that it would be foolhardy on the part of the Raja of Ramgarh to enter into any legal action against the Party since neither in the agreement entered into by the Raja of Ramgarh with the Bank nor in the Hypothecation papers between him and the New India Assurance Co. did the Swatantra Party figure.

iii) However, in the interests of avoiding litigation, the Central Office could send, if it so desired, a representative to meet the Raja of Ramgarh or one of his colleagues and communicate the Centre's willingness to recommend to the Party such response to Ramgarh's offer as might help in settling the matter expeditiously. This should be done verbally and without prejudice.

10. Therefore, under instructions from the acting General Secretary, Mr. N. Dandekar, a representative of the Central Office went to Delhi and called on Mr. J.K.P.N. Singh of Maksudpur. After the latter had been briefed on the position obtaining as of that date (September 26, 1963) Mr. J.K.P.N. Singh promised to proceed to Calcutta, where the Raja of Ramgarh was at the time, and persuade him to settle the matter in the light of his own reported offer to New India's representative in return for which the Swatantra Party would consider giving him a letter through New India authorising him (the Raja) to hand over the party's 23 Jeeps to New India's representatives.

11. On October 12, 1963, the Raja telephoned the Central Office and asked for the actual interest involved including the amount outstanding. This information has been supplied to him by New India's representatives earlier when they met him personally. Since he wanted the Central Office

to send this to him in writing, and in view of the firm instructions of Mr. Munshi and Little & Co. that under no circumstances should the Central Office enter into any correspondence on the subject with Ramgarh or his representatives, the Central Office passed on the request to New India. The latter asked their representatives in Calcutta again to make available the figure to the Raja.

12. It has since become obvious that the Raja of Ramgarh is not at all serious in settling the matter with the Bank. On a couple of occasions, when New India again pressed him to settle, he sent telegrams saying that he was going to be in Bombay on a particular day and that he would call on them. He never came to Bombay.
13. Meanwhile, New India came into possession of documents which told the alarming story of the Jeeps (actually under hypothecation to New India and as such legally their property till the Raja had cleared all his dues) being sold to various people and their registration certificates being transferred. Not one of the 23 jeeps of the Party has been registered on the State Unit's name. They were all in the name of Bokaro Ramgur Industries. The act of selling ^{the} jeeps constituted, according to the New India Assurance Co., criminal breach of trust for which the Raja of Ramgarh could be prosecuted.
14. When the Bank realised that the money was not forthcoming nor was the Raja inclined to hand over the jeeps to them or to New India's representatives in lieu of payment, -- the representative of the Bank and of New India who tried to secure ^{possession of} the jeeps possession by going to Bihar. was frustrated from doing his job because neither the Raja nor the State Unit was willing or in a position to state where the jeeps were actually located -- it decided to take legal proceedings. There the ~~ma~~ matter stands today. The Central Bank of India has sent legal notice to the Raja of Ramgarh that he either pay up or face the consequences in a Court of Law, where the Bank would take steps to recover its dues.
15. In these circumstances the matter has passed out of the Party's hands and is now a matter of litigation between the Raja on the one side and the Bank on the other.

16. Both Mr. Munshi and Messrs. Little & Co. are of the opinion that ~~whether~~ ^{whatever} the Raja might do, the fact remains that legally speaking the Party is in no way involved and that to ~~keep~~ it that way the Central Office and Office-bearers of the Party should refrain from any correspondence or ~~ather~~ activity in the matter.

7th January 1964.

NOTE ON POSITION REGARDING BIHAR JEEP CREDIT.

At its meeting in Bombay on 14th March, 1962, the Parliamentary Sub-Committee considered the Treasurer's Report on the position in regard to the bank credit opened by the Rajah of Ramgarh for the purchase of jeeps. The following is an extract from the minutes of the meeting, which have since been confirmed:-

"The Sub-Committee then considered the statement of accounts submitted by the Treasurer. It was reported that, as a result of collection of funds at the last moment, it had been found possible to raise the contribution to endorsed constituencies of the Party to the Lok Sabha from Rs.25,000/- to Rs.30,000/- each.

This happy development resulted in a modification being found possible in the decision of the Sub-Committee in regard to the repayment of the Bihar jeep credit embodied in the minutes of the last meeting in Madras. As a result of this, it would now be possible for the Party, if it so desired, to pay a larger amount towards the repayment of the credit, namely, Rs.2,30,000/- including payments already made. After discussion, the following modifications were made in the decisions of the Madras meeting:-

(a) The Party would be prepared to pay to the Bank by way of further repayment of the Raja of Ramgarh's loan Rs.1,40,000/- provided the Raja himself paid off the balance of Rs.1,20,000/- and the interest that had accrued on it. If such repayment was not made by the Raja, then the Party would continue to pay the monthly instalments of Rs.20,000/- on his behalf. The Raja Saheb, however, agreed that he would pay off his share of the balance due to the Bank in a short time and inform the Party of the same.

(b) In so far as the 15 jeeps which were earmarked for returning to the Centre was concerne, it was agreed that these jeeps, along with the additional number that had now accrued to the Party in view of the revised settlement, need not be returned to the Centre and should be retained by the Bihar State Party, for the Party's use on behalf of the Centre. The jeeps should be registered in the name of the Bihar State Party, who would be the trustees for the jeeps on behalf of the Centre. The Raja of Ramgarh agreed to return the jeep loaned to the Bihar Party by the Centre which itself had been loaned to the Centre by a private friend on the understanding that the jeep would be returned to the owner immediately after the elections."

2. On 19th April, the General Secretary wrote to Mr. Kamakhya Narain Singh of Ramgarh drawing attention to the relevant portion in the minutes and requesting him to let the Central Office know when he proposed to repay the sum of Rs.1,20,000/- and the interest that had accrued in respect of the loan, so that arrangements may be made to follow up his action in the manner decided by the Parliamentary Sub-Committee. The General Secretary's letter also mentioned that monthly instalments of Rs.20,000/- would in the meantime continue to be paid on the Rajasaheb's behalf. No reply was received from Mr. Kamakhya Narain Singh to this inquiry, and the hope that the Raja would pay off his dues, as he had promised to do within a short time after the meeting in March, has not been fulfilled.

3. On 27th June, the Central Office was surprised to receive a copy of a letter dated 23rd June addressed by Mr. Bateshwar Prasad Singh, claiming to be the constituted attorney for the Rajah of Ramgarh, in the course of which altogether unfounded statements about the liability of the Swatantra Party in respect of the Raja of Ramgarh's overdraft arrangement with the Bank were made. The General Secretary, after getting the draft letter approved by Mr. K.M. Munshi, wrote on 8th July to the Central Bank correcting the mis-statements made in

Shri Bateshwar Prasad Singh's letter. The General Secretary made it quite clear to the Bank that the Swatantra Party had nothing to do with the Overdraft Account of the Raja of Ramgarh and that whatever payments were made to the Bank had been made on behalf of Shri Kamakhya Narayan Singh.

4. On 9th July, the General Secretary after obtaining Mr. Munshi's approval to the draft also wrote to Dr. Basant Narain Singh, the brother of the Rajah, his correcting the mis-statements made by Mr. Bateshwar Prasad Singh in / letter to Bank and clarifying the entire position. The letter concluded by saying that the Treasurer had expressed the hope that early steps would be taken to pay the Bank the interest on the loan and the sum of Rs.1,20,000/- as agreed to by the Rajasahab at the meeting of the Parliamentary Sub-Committee in March.

5. The background and position were reported to the Parliamentary Board when it met in Madras on July 17, 1962 through a note put up at that time (copy attached).

6. The Parliamentary Board approved of the action taken and instructed that payments of Rs.20,000/- on behalf of the Rajah of Ramgarh should continue to be made to the Bank in the normal course for the months of August, September and October, when they would terminate.

7. The Central Office has since then received two letters dated 14th August and 3rd September from Mr. Bateshwar Prasad Singh, in the course of which he has made a whole series of entirely unfounded statements seeking to make out that the overdraft account with the Central Bank was that of the PARTY and that the Rajasahab had agreed to lend his name for the benefit of the Party. The letter also sought to make a false claim that the interest on the loan was payable by the Party.

8. After consulting Mr. K.M. Munshi and obtaining his approval, the General Secretary wrote to Mr. Bateshwar Prasad Singh on 9th October drawing his attention to the various mis-statements in his letter, stating the correct facts, which are that the liability, including that of paying interest on the loan, was that of the Rajasahab, and pointing out that these facts were recorded in the minutes of the various meetings at which Rajasahab himself was present. The General Secretary also informed Mr. Bateshwar Prasad Singh that the final payment of Rs.20,000/- for the month of October had been made on behalf of the Rajasahab and that, since the amount available for such payments had been fully expended, no further payments would be made to the Bank on the Rajasahab's behalf.

20th October, 1962.

July 17, 1962

Confidential

ITEM 2(b) (i)

Note on the Current Position re : the
Jeep Credit Arrangement

The Parliamentary Sub-Committee, at its meeting in Madras on January 4 and 5, 1962, reviewed the position regarding the jeep credit arrangements between the Raja of Ramgarh and the Central Bank.

2. At this meeting, at which Shri Kamakhya Narain Singh of Ramgarh was present, it was reported that, out of a sum of Rs.3.75 lakhs payable to the Bihar unit in respect of 15 endorsed constituencies, Rs.50,000 had been paid in cash and Rs. 80,000 paid to the Bank on the Raja of Ramgarh's behalf and at his request.

3. The Sub-Committee, after discussion, adopted the following resolution :

"The Parliamentary Sub-Committee considered the correspondence between the Raja Sahab of Ramgarh and the General Secretary in regard to delivery of jeeps to candidates and the question of payment to the Central Bank of India Limited on behalf of the Raja Sahab.

"The Parliamentary Sub-Committee took into consideration the fact that the expectations in regard to funds to be raised for the elections have not been fully realised and that the number of endorsed constituencies in Bihar has been reduced from 25 to 15. The payment, therefore, to be made to Bihar would be Rs.3,75,000 in all. Allowing for various payments and commitments made, a sum of Rs.1,50,000 remains available for payment towards the loan raised from the Central Bank of India Limited for the purchase of jeeps.

"(1) The Parliamentary Sub-Committee, therefore, resolves that a sum of Rs.1,50,000 should be paid to the Central Bank of India in monthly instalments of Rs.20,000 each on behalf of the Raja Sahab, provided the 15 jeeps are delivered for use by the endorsed candidates in Bihar by the 18th of January 1962 to the satisfaction of the General Secretary or his nominees.

"(2) The Raja Sahab guarantees that, on the Bank being paid off, the said 15 jeeps shall be the property of the Party..

"(3) The Parliamentary Sub-Committee further is of the view that an arrangement should be made with the Raja Sahab substantially in terms mentioned in the draft agreement and that as soon as possible the parties should pay off their shares of the amounts due to the Bank in terms of Clause 7 of the draft Agreement. "

4. By the time the Parliamentary Sub-Committee met again in Bombay on March 14, 1962, another Rs. 60,000 had been paid to the bank on the Raja Sahab's behalf in January, February and March, thus bringing the total amount paid on his behalf to Rs.1,40,000

5. The Parliamentary Sub-Committee had before it the Treasurer's Report saying that it had been found possible to increase the pro rata contribution to endorsed constituencies from Rs.25,000 to Rs.30,000 each. The Sub-Committee decided that the Bihar unit should share in the benefit from this improved position along with other State units. The total allotment to the Bihar unit would thus go up from Rs.3.75 to Rs.4.50 lakhs. As against that, the following payments had already been made :

In cash in May/June 1961	Rs. 50,000
To President, Darbhanga Dt. for 3 endorsed constituencies	90,000
To President, Saharsa Dt. in lieu of one new jeep	15,000
To President, Purnea Dist. in lieu of one new jeep	15,000
To Central Bank by way of monthly instalments of Rs.20,000 upto March 1962 (inclusive)	1,40,000
Total :	Rs. 3,10,000

There was thus a balance of Rs.1,40,000 left available for allocation towards the payment of the credit on the Raja Sahab's behalf/re

5. After discussion, the Sub-Committee decided that the following modifications should be made in the decisions of the earlier meeting at Madras :

"(a) The Party would be prepared to pay to the Bank by way of further repayment of the Raja of Ramgarh's

loan of Rs.1,40,000 provided the Raja himself paid off the balance of Rs.1,20,000 and the interest that had accrued on it. If such repayment was not made by the Raja, then the Party would continue to pay the monthly instalments of Rs.20,000 on his behalf. The Raja Sahab, however, agreed that he would pay off his share of the balance due to the Bank in a short time and inform the Party of the same.

"(b) In so far as the 15 jeeps which were earmarked for returning to the Centre were concerned, it was agreed that these jeeps, along with the additional number that had now accrued to the Party in view of the revised settlement, need not be returned to the Centre but should be retained by the Bihar State Party for the Party's use on behalf of the Centre. The jeeps should be registered in the name of the Bihar State Party, who would be the Trustees for the jeeps on behalf of the Centre. The Raja of Ramgarh agreed to return the jeep loaned to the Bihar Party by the Centre which itself had been loaned to the Centre by a private friend on the understanding that the jeep would be returned to the owner immediately after the elections."

6. On 19th April, the General Secretary wrote to the Raja of Ramgarh forwarding the minutes of the Parliamentary Sub-Committee meeting and inquiring when he proposed to pay off the sum of Rs.1,20,000 and the interest that had accrued to the Bank so that the Treasurer could make arrangements to follow with the action decided on by the Parliamentary Sub-Committee. Unfortunately, no reply has so far been received by the Central Office to that inquiry to this day.

7. Since that meeting, further payments totalling Rs.80,000 have been made on behalf of the Raja of Ramgarh in respect of the months of April, May, June and July 1962. There thus remains a sum of Rs.60,000 allocated for this purpose.

8. Taking advantage of the fact that there was a slight delay on the part of the Treasurer in paying to the Bank on behalf of the Raja Sahab the instalment of Rs.20,000 for the month of June 1962, leading to the Bank sending a reminder to the Raja Sahab, Mr. Bateshwar Singh, M.P., who claims to be the Constituted Attorney of the Raja of Ramgarh, thought it fit to communicate with the Deputy Manager of the Bank. In the course of his letter, he stated that the Central Office of the Swatantra Party was responsible for the repayment of the overdraft and would continue to be so responsible till the whole

credit was fully repaid with interest, which arrangement he claimed was known to the Bank. This statement of Mr. Bateshwar Singh is of course a gross mis-statement since at no stage had the Swatantra Party or its Central Office or its Treasurer been directly involved in the credit arrangement. All that was done was that, at the request of the Raja of Ramgarh, certain amounts were earmarked for repayment of his debt to the Bank and payments were made from time to time on his behalf. In view of this attempt to involve the Party, it became necessary for the General Secretary, in consultation with Mr. K.M. Munshi, to write on 19th July 1962 to the Bank correcting this mis-statement and to write to Mr. Basant Narain Singh and Mr. Bateshwar Singh stating the correct position by way of clarification.

9. The Parliamentary Board's instructions are invited as to the action to be taken in regard to the balance of Rs.60,000 remaining with the Treasurer, as also any further action that the Parliamentary Board desires should be taken in order to protect the Party from being wrongly involved in connection with the liability of the Raja of Ramgarh to the Bank.
