

July 17, 1962

Confidential

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ITEM 2(b) (iv)

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. 30,000 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 9th 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.
