

SHRI MORARJI DESAI: These are the negotiations which are going on for that.

SHRI S. K. TAPURIAH: During the last few years we have had many doubts being expressed in this House about the wrong way this rupee fund is utilised or this trade with rupee currency is being done. Some cases were brought up by my hon. friend, Shri Kanwar Lal Gupta, about certain machineries. Cases have been brought before this House as to how the agents of Russia and other Communist countries have been financing some parties. The Home Minister has also said that he would be inquiring into these matters and will be placing a report before the House. In view of all these apprehensions, why is encouragement going to be given for allowing credit to Indian agents for rupee payments?

SHRI MORARJI DESAI: This is already covered under the supplier's credit being given by Russia at present both for the public and the private sector. Therefore it is not a completely new thing. This is to be done specially in order that there is not any delay in these matters if a particular amount is assigned to the private sector; but that does not mean that there will be agents who will be dealing with it. We will try to be careful about it.

Import of Foodgrains Under P. L. 480

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*126. **SHRI MOHAMMAD ISMAIL :**
SHRI C. K. CHAKRAPANI :
SHRI GANESH GHOSH :
SHRI E. K. NAYANAR :
SHRI NAMBIAR :
SHRI SATYA NARAIN SINGH:
SHRIMATI SUSEELA
GOPALAN :
SHRI UMANATH :
SHRI SRADHAKAR SUPAKAR:
SHRI B.K. DASCHOWDHURY:
SHRI ONKAR LAL BERWA :
SHRI N. R. LASKAR :

Will the Minister of FINANCE be pleased to state :

(a) Whether any new agreement has been signed in December 1968 for the purchase of foodgrains from U. S. A. under P. L. 480;

(b) if so, the main points of the agreement;

(c) the total amount to be paid in free foreign exchange; and

(d) the reasons for payment of such a huge amount in foreign exchange?

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE, (SHRI MORARJI DESAI): (a) to (d). A statement giving the requisite information is laid on the Table of the House.

STATEMENT

(a) and (b)—A new PL. 480 Agreement was signed on 23rd December, 1968 for the purchase of 2.3 million tonnes of foodgrains and some other commodities under PL-480. The main features of the Agreement are as follows :—

- (i) The total value of the Agreement is \$* 167.1 million. The commodities agreed to be imported are 2.3 million tonnes of foodgrains, 90,000 tonnes of inedible tallow; 200 tonnes of tobacco and 4,000 tonnes of milk powder.
- (ii) India will make payment for 60% of the imports in rupees. Payment for the remaining 40% will not be made in rupees but will be covered by a long-term credit which, however, is repayable in dollars or in other convertible currencies.
- (iii) With regard to the 60% imports to be paid for in rupees, the subsequent use of these rupees would be as follows; viz., 66% of the rupees will be advanced as loans to the Govt. of India, 22% as grant to the Govt. of India,

* including \$ 6.9 million as estimated freight.

5% as loans to Indo-US firms operating in India and the remaining 7% will be used by the US Government for their expenditures in India.

- (iv) *With regard to the 40% imports which would be covered by a long-term credit, the amount of the credit would be repayable over a period of 40 years, with a 10 years grace period during which no repayment of the principal will be required. The credit will carry interest at 2% per annum during the first 10 years and at 3% per annum during the subsequent 30 years.*

(c)—The amount of payment in free foreign exchange would consist of the following two components :—

(a) payment for 40% of the total imports (which would be covered by the long-term credit) will have to be made in free foreign exchange over the repayment period of 40 years.

(b) Out of the amount of Rs. 71.62 crores accruing to the U.S. on account of the remaining 60% imports paid for in rupees, an amount of Rs. 2.87 crores is convertible into dollars or into third currencies at the request of the U. S. Government to enable them to carry out agricultural market development and educational exchange programmes in other countries.

(d) The payment for a part of the imports under a long-term dollar credit [vide (c) (a) above] is in accordance with the conditions of the U.S. PL 480 Law which specifically provides that there will be a gradual transition from sales for local currencies to sales for dollars over a five year period ending 1971. The conversion of Rs. 2.87 crores into other currencies is also in accordance with the requirements of the U. S. Law which stipulates 5% conversion being provided in rupee sales agreements.

श्री मुहम्मद इस्माइल : जो नया ऐग्रीमेंट

पी एल 480 का हुआ है, उससे पहले हमारे वित्त मंत्री हमेशा कहते रहे हैं कि पैसा नहीं है, संकट है। फिर जब रुपये का डिवैल्यूएशन हुआ उस वक्त यह चीज हुई कि हम देश के बाजार में ही चीजों को खरीदें, बाहर के देशों से ज्यादा चीजें न खरीदें। अब जो ऐग्रीमेंट हुआ है उसमें यह कहा गया है कि हम रुपये के बजाय लांग टर्म पेमेंट डालर में करेंगे। यही नहीं बल्कि जहाजरानी का जो किराया है, जो कि 50 परसेंट बढ़ भी गया है, वह भी डालर में देंगे। जब यह सब बातें ऐग्रीमेंट में होनी थीं तब उसके मार्फत जो संकट आ रहा है उस पर सरकार ने विचार किया था या नहीं ?

श्री मोरारजी बेसाई : सोचे बगैर तो हमने ऐग्रीमेंट किया नहीं है।

श्री मुहम्मद इस्माइल : जब उन्होंने सोचा है तब मैं उनसे पूछना चाहता हूँ कि जब रुपये के बजाय डालर में लेन-देन होगा और किराया भी डालर में देना होगा तब जो अनाज आयेगा उसकी कीमत बढ़ेगी या घटेगी ?

श्री मोरारजी बेसाई : सवाल इतना ही है कि पी एल 480 में जो हम वहाँ से फूडग्रेज मँगते हैं उनको मँगाने की जरूरत है या नहीं है और जरूरत है तो वे लोग जो शर्तें रखते हैं उन शर्तों पर हम मंगा सकते हैं या नहीं। दोनों बातें हमें सोचनी हैं। शर्त करने का उनका अधिकार है और इन्कार करने का हमारा अधिकार है। जरूरत हो तो उन शर्तों पर भी हमारे लिए उसको लेना जरूरी हो तो लेना चाहिए। पहले शर्त इससे हल्की थी। अब कुछ सख्त हुई है। इसकी वजह यही है कि वे भी चाहते हैं कि हम हल्की शर्त पर अनाज ज्यादा न मंगाएँ और हमारे यहां अधिक अनाज पैदा हो और ऐसा करने की हम कोशिश करें...

श्री अटल बिहारी वाजपेयी : चर्ची मंगते हैं ।

श्री मोरारजी देसाई : चर्ची भी आती है क्योंकि साबुन बनाने के काम में उसका इस्तेमाल होता है । इसको क्या करोगे । यहाँ वह तैयार हो तो अच्छा है और अगर कमी हो तो मंगानी पड़ेगी । हम चाहते हैं कि फूडग्रेन्स बाहर से न मंगायेँ लेकिन जितना जरूरी है उतना तो हमें मंगाना ही पड़ेगा । फिर जो डालर में भी चालीस परसेंट देना है वह चालीस साल की मुद्दत में देना है न कि दो चार साल में ।

SHRI C. K. CHAKRAPANI : It is learnt that the U. S. Government has decided not to give PL 480 Import of Foodgrains beyond 1972. Moreover, the U. S. Government want India to accept more and more foreign private capital. This can be seen from the pronouncements of the World Bank and the International Monetary Fund. According to me, this is a political pressure. May I know what the Government of India propose to do to counteract this political pressure ?

SHRI MORARJI DESAI : I do not understand what is meant by political pressure in this matter. If we allow some people to come here in our conditions, there is no political pressure on it, we are not forced to take these things. If we take it for our own convenience, it will have to be on mutually agreed conditions. We cannot impose conditions on them. We are not pressurised nor are they pressurised.

SHRI E. K. NAYANAR : The hon. Finance Minister replied to the first question that we have not reached an agreement. But here is the passage from the publication of the Government of India, the Department of Economic Affairs, which says :

"India has entered into 9 Agreements with U. S. Government PL 480 since 1956. The Maximum value of the commodities to be imported covered by the Agreements entered into upto the end of March, 1966 is 3283.62 million dollars, i. e., Rs. 15636.3

million. The rupees equivalent of the dollars cost of these commodities is deposited in the U. S. Government account in the Reserve Bank of India, New Delhi. A major portion of these rupee deposits is earmarked in the Agreements for being given as grants to the Government of India for financing agreed projects of economic development. The balance is retained by the U. S. Government for its own use in India and for giving loans to joint Indo-U. S. enterprises."

The hon. Minister has replied that it is on our account. Here, the Government of India publication says that the balance is retained by the U. S. Government for its own use in India for giving loans to joint Indo-U. S. enterprises and their organisations.

Then, while replying to a question during the last year, in March, 1968, the Deputy Prime Minister replied that India imported 75 crores dollars worth of wheat in 2 years. In the last 2 years, India imported 150 crores dollars worth of wheat which is equivalent to Rs. 1200 crores. While he toured in U. S. A., the Government appealed to the U. S. authorities for the import of 7 million tonnes of wheat. The U. S. Government rejected that. Then, the Government of India said that we have a bumper crop and a bumper production and that we are not going to import. May I know whether it is due to the pressure of the U. S. authorities that they are importing wheat from U. S. A.

SHRI MORARJI DESAI : I have not followed the question at all.

MR. SPEAKER : I too have not followed it.

SHRI NAMBIAR : From the statement it is seen that the Government has entered into the new PL 480 agreement which was signed on 23rd December, 1968. But the hon. Minister said just now that he had not entered into an agreement. You can, therefore, see the falsehood or the incorrectness of the statement...

MR. SPEAKER : He says that he has entered into an agreement.

SHRI NAMBIAR : That is good. Let him correct himself now.

The total value of the Agreement is 167.1 million dollars, and the goods to be purchased are 90,000 tonnes of inedible tallow, 200 tonnes of tobacco and 4,000 tonnes of milk-powder. I want to know whether tobacco is to be imported and we cannot manage with our own production of tobacco and also whether we could avoid importing milk-powder in view of the fact that there is so much of shortage of foreign exchange. We cannot afford to spend so much of dollars on these... (Interruptions), We do not want Mr. Piloo Mody to get milk-powder from America. We can give it from our own production. My point is that Government will have to explain... (Interruptions)

SHRI PILOO MODY : What is the kind of spurious powder that he wants to feed me with ?

SHRI NAMBIAR : If Mr. Piloo Mody starts interrupting in this way, then I will never allow him to put questions. I should have my say also.

When we are having so much of shortage of dollars, foreign exchange, should we enter into an agreement of this type wherein the condition is that we have to repay 40 per cent of the amount in dollars, and not only this, even from among the 60 per cent, we have to pay Rs. 2.57 crores in dollar; apart from this, the freight in shipping has to be borne in dollars. May I, therefore, know whether the Government could not have avoided entering into such an agreement in view of the serious shortage of foreign exchange ?

SHRI MORARJI DESAI : I have already indicated in the statement that the 40 per cent, which has to be paid in dollars, will be paid in 40 years; it is not to be paid immediately, for the first ten years we do not pay. This is all described in the statement. Therefore, this is a favourable way of laying these things which we require. We require milk-powder because we do not produce sufficient milk-powder here...

SHRI ATAL BIHARI VAJPAYEE : What about tobacco ?

SHRI MORARJI DESAI : I will come from one item to another. I cannot reply about all the items at the same time; I cannot have the capacity of my hon. friend.

Therefore, it should be understood that this milk-powder is required as we are short of it. We are trying to increase the production of milk-powder in this country, and as soon as that is done, we will not import anything. That is what we are trying to do. Our milk consumption *per capita* is the lowest in the world. Therefore, we have got to supply to our people milk through milk-powder; otherwise, they will be deficient in their vitality. That is why this is required.

As regards tobacco, we do require some tobacco to mix with our tobacco for our own production here. But we export far more tobacco than we import from the U. S. A.

श्री सत्य नारायण सिंह : जितने भी यहां सवाल पूछे जाते हैं उन सभी सवालों के जवाब में आप यह कहते हैं कि इसका हल हमारे पास नहीं है। जितनी समस्याएँ हैं उनका हल भी आपको दिखता नहीं है। मैं जानना चाहता हूँ कि पी एल 480 के तहत जो खाद्यान्न आप मंगा रहे हैं, उसका अन्त होने की कोई सम्भावना भी आपको कभी दिखाई पड़ती है या नहीं पड़ती है ?

श्री मोरारजी देसाई : मुझे तो विश्वास है कि सम्भावना पूरी है और जल्दी है और अगर माननीय सदस्य को विश्वास नहीं है तो उसका इलाज मैं क्या करूँ ।

SHRI N. R. LASKAR : Because of the modern agricultural methods adopted by our farmers, the wheat production in the country has gone up considerably. Therefore, I would like to know why it is necessary to bring wheat under P. L. 480 Agreement.

SHRI MORARJI DESAI: As I have said often before, for some time we have to build up our buffer stocks, and it is in order to build up the buffer stocks that this amount is being imported.

श्री भोगेन्द्र भा : हमारे देश में पिछले साल खाद्यान्न का जो उत्पादन हुआ और इस साल के उत्पादन के बारे में सरकार का जो अन्दाज़ा है, उसकी पृष्ठभूमि में पी० एल० 480 के इस नये समझौते के बारे में सरकार की ओर से कहा गया है कि देश में बर्फ़र स्टॉक बनाने के लिए यह खाद्यान्न मंगाना ज़रूरी है। जो सिंचाई योजनायें इस समय सरकार के हाथ में हैं, जैसे राजस्थान नहर, तुंगभद्रा, गंडक और पश्चिमी कोसी नहर आदि, अगर पर्याप्त रुपया लगा कर उनको एक साल में पूरा कर दिया जाये, तो हम अपने देश में ही काफी ज्यादा फ़सल पैदा कर सकते हैं। अमरीका के अख़बारों में यह प्रकाशित हुआ है कि वहाँ पर खाद्यान्नों का उत्पादन फ़ाज़िल हो गया है और उनके लिए अमरीका को बाज़ार नहीं मिल रहा है। मैं यह जानना चाहता हूँ कि इस बात में क्या सच्चाई है कि सरकार इसी कारण यहाँ पर बर्फ़र स्टॉक बनाने के नाम पर वह खाद्यान्न मंगा रही है और अपने देश में उत्पादन बढ़ाने का प्रयत्न नहीं कर रही है। जहाँ तक तम्बाकू का सम्बन्ध है, क्या यह सही है कि वास्तव में हमें तम्बाकू मंगाने की ज़रूरत नहीं है, लेकिन अमरीकी सरकार ने यह शर्त लगाई है कि अगर हम उससे तम्बाकू लेंगे, तभी वह हमें बाज़र या गेहूँ देगी ?

श्री मोरारजी देसाई : यह बात बिल्कुल सही नहीं है।

SHRI LOBO PRABHU: It will be conceded that there is a deterioration in the conditions of trade. We were getting 80 per cent before but now it is 60 per cent. I would like to know how far this is due to our policy with the communist countries. Has America pressed this argument or at least implied it that

because we are giving credit to the communist countries it has no reason to give credit to us ?

SHRI MORARJI DESAI : This has no relation to that factor at all.

SHRI PILOO MODY: Are all these things done in a vacuum ?

WRITTEN ANSWERS TO QUESTIONS

Import of Ammonia From Iran

*122. **SHRI D. R. PARMAR :**
SHRI P. C. ADICHAN :
SHRI R. K. AMIN :

Will the Minister of **PETROLEUM AND CHEMICALS** be pleased to state :

(a) Whether it is a fact that the National Petro-Chemical Company of Iran has agreed to supply ammonia to Tatas for their Mithapur Project on the same terms as was offered by Allied Chemicals ; and

(b) if so, Government's reaction thereto ?

THE MINISTER OF PETROLEUM AND CHEMICALS AND MINES AND METALS (DR. TRIGUNA SEN) : (a) The National Petro-Chemical Company of Iran have offered to take over Allied Chemical's responsibilities for the supply of liquid ammonia, phosphoric acid and sulphur on the same terms.

(b) The proposal is under consideration.

Fertilizer Factory in Maharashtra

*127. **SHRI K. P. SINGH DEO :**
SHRI MANIBHAI J. PATEL :

Will the Minister of **PETROLEUM AND CHEMICALS** be pleased to state :

(a) whether there is a proposal to start a fertilizer factory in Maharashtra with the Japanese collaboration ;

(b) if so, the details of the scheme giving cost involved, the share of India