

LOK SABHA

Thursday, November 17, 1966/Kartika
26, 1888 (Saka)

The Lok Sabha met at Eleven of
the Clock.

[MR. SPEAKER in the Chair].

ORAL ANSWERS TO QUESTIONS

Re-phasing of Foreign Loans

*331. Shri Vasudevan Nair:
Shri Tridib Kumar Chaudhuri:
Shri Warrior:

Will the Minister of Finance be
pleased to state:

(a) the success, if any, achieved in
the efforts of Government to secure a
re-phasing of the period of repayment
of foreign loans since devaluation; and

(b) whether he discussed the matter
with the World Bank authorities and
the creditor countries of India during
the Commonwealth Finance Ministers'
Conference and the annual meetings of
the World Bank and the International
Monetary Fund, which he attended?

The Minister of Finance (Shri
Sachindra Chaudhuri): (a) Discus-
sions are proceeding. Some resched-
uling of repayment of debts is like-
ly.

(b) In my address to the Annual
Session of the I.M.F. and the I.B.R.D.,
I made reference to the sharp rise in
the debt liabilities of the developing
countries.

Shri Vasudevan Nair: After devalu-
ation, what is the amount of loans
that the Government of India will

have to repay in the coming periods
of the Fourth Five-Year Plan? May
I also know whether there is any
specific commitment from any coun-
try as far as rephasing is concerned

Shri Sachindra Chaudhuri: I am
sorry I cannot give now the exact
figure about the loans to be repaid;
I require notice for that because I
do not know the relationship of the
day of devaluation with repayment.

Secondly, so far as debts are con-
cerned, debts have got to be repaid
according to the terms under which
they were received. Different coun-
tries would naturally be entitled to
ask for the amount which would be
the amount of either principal or in-
terest to be paid.

Shri Vasudevan Nair: In view of
the financial difficulties that our
country is encountering, especially
after devaluation, may I know whe-
ther the Government has thought
about the advisability of getting a
moratorium as far as repayment of
loans is concerned?

Shri Sachindra Chaudhuri: No, Sir
As has already been indicated, Gov-
ernment is seeking for rescheduling
of debts and not a moratorium. Our
country is not so poor (interruptions)
that we have got to go to the cre-
ditor countries and say, "please give
us time; do not press us for our
debts."

Shri Alvares: May I know whe-
ther the Government have made an
assessment of the relative advant-
ages of refinancing versus reschedul-
ing and conveyed their impression to
the creditor countries?

Shri Sachindra Chaudhuri: Yes, Sir.
Government has made a proper assess-
ment of all the possibilities. As I
said, discussions are proceeding in

the matter of rescheduling and it is expected that there would be some rescheduling. More than that, I cannot say anything now.

Shri Alvares: My question was whether the relative advantage of refinancing was considered. There is an item in the paper this morning that refinancing may be advantageous because the British Government will not charge interest. In that context, refinancing may be more advantageous than rescheduling. May I know whether Government have made any assessment and conveyed our recommendations to the creditor countries?

Shri Sachindra Chaudhuri: If the advantage of refinancing has come out in the paper, it may be presumed that Government will also consider that matter. But it is not a question of what this Government would do or want to be done; it is a question of what the other Governments would agree to. As I said, discussions are going on and at this time I cannot disclose anything more than that.

Shri R. Ramanathan Chettiar: In view of our Government having entered into loan agreements with foreign countries for short periods and also in view of our difficult foreign exchange position, may I know whether Government will take steps to request those foreign countries to have new loan agreements for longer periods rather than for shorter periods?

Shri Sachindra Chaudhuri: When every loan agreement is entered into, the period, the amount of interest and the terms on which the loan is taken are considered and naturally this Government will always try to get the most advantageous terms from the lending countries.

Shri Ranga: All this time Government have been saying repeatedly that they have been obtaining these loans and there are no political strings attached to them by the other countries and so on. But what is it that has happened recently, that has obliged the Finance Minister to speak,

as he is reported to have spoken, protesting against the attempts being made by some of the creditor countries to impose strings on their loans and their various other proposals?

Shri Sachindra Chaudhuri: I am glad that the hon. Member Shri Ranga has asked this question. If he so likes, I can send him a copy of my speech. This is the interpretation which has been given by the newspapers to the speech which I had made at a lunch party.

Shri Vasudevan Nair: Even now he does not want to criticise them?

Shri Sachindra Chaudhuri: Let me complete what I wanted to say. Could he not be kind enough and patient enough to hear me?

Shri Vasudevan Nair: Why should he blame the newspapers?

Shri Sachindra Chaudhuri: I am not blaming the newspapers. All that I say is that it is the newspapers' interpretation of what I said. What I had said there did not in any way concern India alone; I talked about the developing countries and the developed countries, and what I suggested was that so far as this country was concerned, if there were any tendency to add strings to the loans, this country would not take them.

Shri Sham Lal Saraf: May I know whether the devaluation of our currency has necessitated our asking for a re-scheduling of our debt repayment consequent on the exchange value of the rupee having come down or otherwise the repayment programme of our loans would have followed as scheduled earlier?

Shri Sachindra Chaudhuri: Devaluation has nothing to do with it. Devaluation has affected the price of the rupee in terms of foreign exchange. But so far as the price of the rupee in this country is concerned, it is just the same. It is a question of how much we export and it is our export finances which have got to be used for the purpose of paying

back our scheduled debts. So, naturally, we would like to have more funds for our own purposes. It is not because of difficulties in repaying debts.

Shri Hem Barua: May I know whether it is a fact that the World Bank and some of the aid giving international agencies are linking up their willingness to offer aid and loans to us with their examining the performance or the results of our work, and if so, the reaction of our Government to this development?

Shri Sachindra Chaudhuri: This is not a new development. These developments have been going on for some time. It is not of very recent origin. So far as our Government's reaction is concerned, our Government feels that that should not be the only criterion, but there are other criteria as well. For instance, there may be the criterion of the population of the country, the performance or the development in fields other than the one for which loans have been taken and so on. Therefore, the Government's reaction is that that should not be the only criterion and although the aid-giving countries may want to know what the performance is, there should not be any linking in that sense.

Shri S. N. Chaturvedi: The hon. Minister had spoken about the hardening of the attitude of the Western countries, that is, creditor countries. May I know what he had particularly in mind, which has recently led them to impose stiffer conditions.

Shri Sachindra Chaudhuri: As regards this question of the hardening of the attitude of the Western countries, the Western countries say that they themselves have their individual difficulties and they are not in the same position as they were in before.

Shrimati Savitri Nigam: Would the hon. Minister be kind enough to tell us how much less money we have got in the form of our export earnings from the traditional items like tea, jute and other things, because of de-

valuation, and how much more money we shall have to pay in the form of instalments while paying interest to the other countries on the foreign loans?

Mr. Speaker: That is a different question altogether.

श्री यशपाल सिंह : सरकार ने यानारा लगाया है, 'मोर एंड मोर एंड' क्या सरकार बता सकती है कि कब तक यह मिलगला चलेगा, कब तक हम कर्ज पर अपना जीवन-निर्वाह करते रहेंगे, क्या इस बारे में कोई हदबन्दी भी है कि हम इसमें ज्यादा कर्ज नहीं लेंगे ?

Shri Sachindra Chaudhuri: To answer that question, we have to speculate how long we shall have to depend on foreign loans and when we shall cease to be dependent on them. We naturally want to shed off these loans as quickly as we possibly can.

Foreign Exchange Racket in Pondicherry

*333. **Shri P. C. Borooah:**
Shri Surendra Pal Singh:

Will the Minister of Finance be pleased to state:

(a) whether a well-organised racket involving about Rs. 5 crores in foreign exchange has been discovered with its origin in Pondicherry; and

(b) if so, the details of the racket and the *modus operandi* thereof?

The Minister of State in the Ministry of Finance (Shri B. E. Bhagat): (a) and (b). The reference relates to a suspected organised attempt to obtain Customs Clearance Permits at Pondicherry on the basis of "Authorisations" issued by the then French Government before the merger of