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है। ऐसे तत्व और ऐसी शक्तियां देश में मौजूद हैं जो गड़बड़ फैलाने की कोशिश करती हैं। मुझे बहुत प्रसन्नता होगी, अगर श्री सिंह सब पार्टियों को कहें कि जहां भी बद-अमनी पैदा होती है, जहां ऐसे तत्व हैं, हमको उनके खिलाफ राजनीति से ऊपर उठकर फ़ैसले करने चाहिए। उन लोगों को शह मिल जाती है। विरोधी दल में बैठ कर इन्सान का दिमाग और हो जाता है और इधर आकर और हो जाता है। जब तक यह नहीं बदलता है, तब तक इस बात का इलाज करना बड़ा मुश्किल है। (व्यवधान) ज्यादातर हमारे वे दोस्त बोल रहे हैं, जो लोकदल के हैं। मैंने पहले भी कहा था कि चौधरी चरण सिंह का जमाना देख लीजिए, उसमें क्या होता रहा। उनका होम मिनिस्ट्री का जमाना भी देख लीजिए, कहां कहां वे जाते थे और कहां कहां नहीं जाते थे। (व्यवधान) तब बेलछी कांड हुआ। उस वक्त वहां लोकदल के मुख्य मंत्री थे। अब तक उसका मुकदमा चलता रहा। किसी ने जाकर खबर नहीं ली, किसी ने उसका नहीं पूछा। कोई स्पेशल अदालत नहीं बिठाई गई, ताकि जल्दी से जल्दी मुकदमे का निपटारा हो जाए। मुझे खुशी है कि उनको अहसास हुआ। जब वे इधर बैठे हुए थे, उस वक्त नहीं हुआ। अब हो गया है, भगवान की बड़ी कृपा हो गई है। (व्यवधान) हम पर तो पहले ही कृपा हो गई थी। हमें आपोजीशन का तजुर्बा हो गया है। यह सिर्फ उनकी बात है, जिनको कभी मौका नहीं मिला। अगर उनको कभी मौका मिले और वे इधर आ जाएं, ... (व्यवधान) अब ज्यादा शोर मचाने से फ़ायदा नहीं है। लोगों ने यह फ़ैसला किया है। (व्यवधान)

एक माननीय सदस्य : सारी दुनिया में हो रहा है।

श्री जल सिंह : क्या हो रहा है ? मैं कब कहा है कि नहीं हो रहा है। होता है। मैंने जो बात कही है, उसका इलाज करना चाहिए। जो दिमाग इधर बैठने के वक्त था, वही होना चाहिए।

श्री सुरज भान : इस विषय पर पूरा डिसकशन होना चाहिए। इसमें बहुत सी बातें अंधूरी रह गई हैं। स्पीकर साहब ने कहा था कि इस पर डिसकशन होगा।

15.09 hrs.

STATEMENT RE: INDIA'S EXTENDED ARRANGEMENT WITH THE INTERNATIONAL MONETARY FUND

MR. DEPUTY-SPEAKER: Now, the hon. Finance Minister to make a Statement.

SHRI SATISH AGARWAL (Jaipur): Before the hon. Finance Minister makes a statement on this subject, I have to submit that I have addressed a letter to hon. Speaker on Saturday when there was a meeting of the Opposition Parties. We were given to understand that the relevant documents and copies of agreements etc. have been placed in the Library. I went to the Library this morning and I find that only one letter addressed by the hon. Finance Minister to the managing Director of IMF dated 28th September has been placed in the Library. Nothing else is available in the Library. I would like to know with regard to this what is the position I addressed a letter to the Speaker. We were told on Saturday by the Speaker that all the documents have been placed in the Library. But they are not available in the Library.

MR. DEPUTY-SPEAKER: They have been placed in the Library.

SHRI SATISH AGARWAL: No. It is not available there. There is only

[Shri Satish Agarwal]

one letter addressed by the Finance Minister on 20th September, to the Managing Director of the International Monetary Fund, Excepting this letter, there is no document or any copy of the agreement signed.

DR. SUBRAMANIAM SWAMY : (Bombay—North East): He wants to know the sale deed of the sell out.

MR. DEPUTY-SPEAKER: The other one was placed in the Library this morning. The previous one was placed on Saturday.

SHRI SATISH AGARWAL: I went to the Library today morning. But there was no other document placed in the Library.

MR. DEPUTY-SPEAKER: Please wait for the Minister's statement.

SHRI SATISH AGARWAL: What about the agreement?

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): You don't know the details and therefore you are making all sorts of wild statements.

On August 17, 1981, I had informed the House that the Government was negotiating with the International Monetary Fund for drawing an amount of SDR 5 billion under the Extended Fund Facility. I am glad to be able to tell the House that our negotiations have been successfully concluded and the Fund has approved on extended arrangement for the full amount requested. It is heartening that our proposal received wide support from both developing and developed countries.

2. For a period of 3 years, beginning November, 9, 1981 India will have the right to draw an amount equivalent to SDR 5 billion in instalments. Until June 30, 1982 drawings upto SDR 900 million may be made. From July 1, 1982 to June 30, 1983, another SDR 1800 million will be

available. The remainder can be drawn in the period from July 1, 1983 to the end of the extended arrangement.

3. These amounts are being made available, in accordance with the established policies of the Fund, by way of a mix of the Fund's ordinary and borrowed resources. Of the total amount, SDR 2,404.5 million will be financed from the Fund's ordinary resources, and the remaining amount from borrowed resources. The drawings from ordinary resources will be available at an average rate of interest of 6½ per cent. Repayments of each drawing will begin in the fourth year and will be completed in 10 years after the date of each drawing. The drawing from borrowed resources will carry a market related rate of interest and repayment of each drawing will be three and a half years after the date of each drawing and will be completed in 7 years from the date of each drawing. The average interest rate on resources provided under this arrangement will be substantially less than that in the Euro-dollar market.

4. The need for this loan arises from the balance of payments situation facing the country. In my statement of August 17, 1981 I had drawn attention to the massive deterioration in our terms of trade arising in particular from the doubling of oil prices in the last two years. The oil import bill increased from Rs. 1700 crores in 1978-79 to over Rs. 5,000 crores in 1980-81. This has contributed substantially to deficit in our trade account which rose to about Rs. 5,500 crores in 1980-81. The situation remains serious as is evident from the fact that our reserves have continued to decline. Our foreign currency reserves have declined almost—Rs. 1400 crores in the first seven and a half months of the current year.

SHRI SUBRAMANIAM SWAMY: Shame, shame. He has bankrupted us.

SHRI R. VENKATARAMAN: This is an erosion of over one fourth in our foreign currency reserves within a short time.

5. This difficult situation cannot be dismissed as a short-term imbalance. Essential import requirements of the economy will continue to be substantial, even though major import substitution programmes are being vigorously implemented. Export demand for our goods has weakened due to recessionary conditions abroad. The situation has been made worse by rising protectionism in the industrial countries. Unless, therefore, there is a radical change in the external environment, of which unfortunately there are few signs, our balance of payments will continue to be under severe strain for some years. This was recognised in the Sixth Plan which envisages recourse to external financing over and above the anticipated flow of net external assistance...

6. It is precisely to meet balance of payments situation of this type that the extended Fund Facility was created in the international Monetary Fund (IMF) with strong support of developing countries, including India. This facility differs from the usual standby facilities of the Fund, which are intended to meet short-term balance of payments needs. The extended facility is designed specifically to provide for medium-term finance to enable developing countries to manage balance of payments problems without faltering in their development effort. Our case for borrowing from the facility falls squarely within this framework. As a member of the IMF, it was our right to use this facility provided resources were made available on appropriate terms, consistent with our national objectives.

7. In order to enable an informed discussion of the issues involved in this arrangement, copies of my letter

dated September 28, 1981 to the Managing Director of the International Monetary Fund along with copies of the attached memorandum containing a statement of our economic policies have been placed in the Parliament library. Members are under misapprehension that there is an agreement. There is no agreement, but only a standard letter which is attached to the Fund document. We have received only a draft of it. Final letter has not yet been received. Even the draft, I have asked the department to place in the Library.

8. A perusal of these documents will show that the adjustment programme outlined therein is an integral part of the Sixth Plan and reflects faithfully the strategies, programmes and the investment priorities of the Plan. There is no departure from our commitment to self-reliance. We have firmly stated our commitment to development programmes aimed at the uplift of the weaker sections of society, especially in rural areas. It is only by implementing the Sixth Plan efficiently that the economy will gather the strength it needs to move into a viable balance of payments position. There is no other way.

9. The policies outlined in support of our medium-term programme are also derived from the Sixth Plan. As far as balance of payments is concerned, high priority is accorded in the national plan to import substitution in important areas such as oil, steel, cement and fertilisers. We have emphasised this aspect in the statement of policies. At the same time, the import requirements and technological needs of a growing economy and a heavy investment programme must be adequately and expeditiously met. Our import policy is designed to achieve this objective. The plan also calls for a strong export effort and we have reiterated the commitment. Expanded domestic production in critical areas where we can

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save on imports, together with a more dynamic export performance are the two ingredients for bringing the balance of payments under control in the Sixth Plan period.

10. I am sure that Hon'ble Members will agree on the relevance of fiscal and monetary restraint to control inflation. The House is aware that action in line with this objective has been under way and I am glad to say that it has begun to show results. The policies for resource mobilization which we have outlined in the statement are a continuation of the policies we have been following with the support of this House. They are designed to provide the resources necessary to achieve non-inflationary financing of investments needed in the Sixth Plan.

11. In regard to the role of the private sector, our statement is fully in accord with the approach of the Industrial Policy Statement of July, 1980 which was placed before this House.

12. I would now deal with what is called conditionality and which is naturally a matter of concern to hon. Members. It has two aspects. The first relates to the overall nature of the adjustment programme. As I have already explained, the adjustment programme which we have outlined has been framed in accordance with our social and political objectives, reflects our economic priorities, and is tailored to our specific circumstances. So far as this aspect goes, I reiterate that the strategy and the policy underpinning of the programme are, in complete accord with the Sixth Plan.

13. Secondly, there are performance criteria, determined annually, which have to be related largely to macro-economic variables. These are as few as possible. For the year 1981-82 the performance criteria reflect the policies which I emphasised while presenting the Budget for the current

fiscal year. I had drawn the attention of the House to the persistence of inflationary pressures in the economy and had in that connection urged the need for fiscal and monetary restraint. In line with this important policy objective we have been attempting to keep the expansion of credit within reasonable limits. Thus for the current fiscal year, we have indicated our interest to limit the total domestic credit outstanding at the end of the fiscal year to a maximum of Rs. 74,181 crores as against the outstanding amount of Rs. 62,126 crores at the end of the last year. This is a total figure. This represents an increase of as much as 19.4 per cent. My endeavour would be to keep total credit expansion below this level. Total net credit outstanding for the banking system as a whole to the Central and State Governments as at the end of 1981-82 is proposed to be limited to Rs. 30,981 crores as against the amount of Rs. 25,800 crores outstanding at the end of the previous year. The House will agree that expansion of credit beyond these levels would jeopardize our efforts to control inflation.

14. For the year 1981-82, we intend to limit to SDR 1.4 billion the contracting of official and officially guaranteed external commercial loans with a maturity of between one and twelve years. I would like to emphasize that this limit will not only exclude aid credits but also all loans which have maturities exceeding 12 years. Furthermore, it will also exclude two large loans contemplated for a new steel plant in Orissa and a possible power project. This limit, which is for the current year only, is fully in accordance with our own policy of prudent management of foreign debt.

15. We have rupee trade and payments agreements with a number of countries. I would like to emphasize that these will continue—and educate some people who have not understood this—and will in no way

be affected by arrangements with the IMF.

16. I had stated in the course of the Parliamentary debate in August this year, that there never was any question of devaluation of the rupee. There was no question then. There is no question now.

17. There will be periodic consultations between the Government of India and the Fund during the period of the extended arrangement to review the implementation of the programme. This is a normal feature of such arrangements. I would like to inform hon'ble members that even without such an extended arrangement, all member countries are obliged to consult with the Fund periodically under the provisions of Article IV of the Articles of Agreement of the IMF.

18. The IMF arrangement has been the subject of considerable interest both inside and outside the House. I have studiously avoided making any comments on this question before taking this House into confidence. I am sure that a careful perusal of the documents we have now made available will convince the hon'ble members that the Government have fully safeguarded the vital economic interest of the country. I had assured this House that Government would not do anything which would be derogatory to the country's self-respect or to the national interests. I believe we have kept our promise. We have clearly indicated to the Fund that the measures we follow will be fully in line with our declared policies accepted by Parliament. We have not allowed, nor shall we permit in future, any abridgement of the sovereign right of Parliament and of the Government responsible to it to determine national policies.

I have tabled a motion for taking up this matter into consideration. I have reserved a few other points for

the debate that we would like to have in the House. I look forward to a very fruitful debate from the House.

15.25 hrs

MATTERS UNDER RULE 377

- (i) NEED FOR AMENDING CANTONMENT ACT FOR SETTING UP MUNICIPAL BOARD FOR RANIKHET AND LANS-DOWNE AREAS.

SHRI HARISH CHANDRA SINGH RAWAT (Almora): I want to draw the kind attention of the Hon'ble Defence Minister to the need for amending certain provisions of the present Cantonment Act. This Act came into existence in early twenties. The then British authorities had settled some civilian population in various cantonments with due regard to the need of the Cantonments. Under the provision of this Act the people living in the fixed civil areas are given land for specific period on lease. Even prior to the termination of the lease period there is danger of the land being acquired for army need. Any construction on this land such as building etc. or any change thereon, cannot be done without the permission of the Cantonment Board. In certain matters permission of the Higher Army Command is required which is seldom given. There is always difficulty in getting land for new works such as for roads and Government building etc. There is majority of army officers in the Cantonment Board, who cannot represent the aspiration of the civilian population, moreover their tenure is also for a short period.

The civilian population in the Cantonments feel suffocated. I have received representations from people demanding separate Municipal Boards in the Cantonments of Ranikhet and Lansdowne. I therefore request the Hon'ble Defence Minister to make