

[Shri B. Shankaranand]

fine which may extend to one thousand rupees."

SHRI M. MAYATHEVAR (Dindigul): That is not sufficient.

SHRI B. SHANKARANAND: Sufficient or insufficient is not the question. We have said that if the inspecting authority goes beyond its jurisdiction, there is this clause which deals with it.

With these observations, I request the House to unanimously accept the Bill.

MR. CHAIRMAN: The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

15.39 hrs.

INTERNATIONAL MONETARY FUND
AND BANK (AMENDMENT) BILL—
Contd.

MR. CHAIRMAN: Now we take up further consideration on International Monetary Fund and Bank (Amendment) Bill.

SHRI SATISH AGARWAL (Jaipur): The House is taking up this very important Bill, the International Monetary Fund and Bank (Amendment) Bill. I have an objection with regard to this Bill in view of the changed circumstances.

I was making this point and I was on a point of order the previous day i.e., 5th of October, when the Deputy-Speaker said that since we were to take up another subject at 5 o'clock, I would continue my point of order tomorrow. I shall not repeat that particular fact. I have with me the latest reply of the hon. Finance Minister which I received on 9th October, i.e., Saturday, two days back. Briefly, Sir, you will kindly consider, being an expert on constitutional law....

MR. CHAIRMAN: No, I am not an expert.

SHRI SATISH AGARWAL:....that the Act that this House is going to amend

today is an Ordinance promulgated in December, 1945 by the then Viceroy and Governor-General of India, and it continued to be an Ordinance till 1959, when an amending Bill came before this House, and without much debate and discussion the Ordinance was replaced by an Act. Now, later on some amendments were carried out in 1960 in a very minor way.

The purpose of this Ordinance in 1945 was, as mentioned in the Ordinance itself, to implement the International Monetary Fund and Bank Agreement and so on. It goes on to say:

"Whereas an emergency has arisen, which renders it necessary to make certain provisions for the purpose of implementing the aforesaid agreement, this Ordinance, was enacted."

It was in 1945, it was a war time measure, and it was issued by the Britishers. So, it was a colonial ordinance which we have inherited, and now it is proposed to be amended by the hon. Finance Minister.

My main objection is that under this Ordinance there is one section, section 4, which makes it obligatory to make certain information available to the Central Government, or the Reserve Bank, or any officer authorised by the Central Government, and that information has to be furnished to the IMF, which is an outside agency. I am not at the moment on ideological grounds, and I am not discussing the merits of the Bill as such, or the merits or demerits of the borrowing policy of this Government, or the absence of any law on the point and under article 292 of the Constitution whether some limitation should be placed on the borrowing power of the Central Government. I am on a very limited point. In 1945 we had no Constitution and it was the Government of India Act, 1935, which was in force, and this section 4 was there in the Ordinance. In 1950 the Constitution came into force, and in that Constitution there are certain fundamental rights guaranteed to the citizens of this country.

I say that in the public interest, for meeting. Our requirements within the

country, we can lay down certain provisions in the Income-tax Act, which we laid down in 1922, which was amended in 1964.

By the Income-tax Act of 1964, we can force our citizens, our persons, our associations, to furnish certain information to the Central Government for purposes of public utility, for our own interest. But, under this section 4, the Government is now coming and seeking normal approval of this House whereby the information can be gathered from "persons". The word "persons" includes banks, associations, importers, exporters, institutions, organisations, in fact anything. Sir, you are very well aware, being a senior advocate of the Supreme Court, that a "person" includes everything, all organisations and institutions.

My question is this. In view of Chapter III relating to the fundamental rights in the Constitution, and India having become a sovereign State on the 26th January 1950, I want to know whether the provisions of section 4 of this Act violates our Constitution or not. According to me, it does. In order to meet the requirements of IMF, in order to furnish information to IMF, this particular section 4 is being amended now, and some authority is being given to the Government in this behalf.

I raised this question in my letter of 21st July 1982, the letter I wrote to the hon. Finance Minister. After two and a half months I received his reply. If the hon. Members want it and, Sir, if you give your permission. I can place on the Table of the House the letter that I wrote, the reply that I received, the letter that I again wrote on the 5th of October and his reply on the 9th October. In his earlier reply, in the concluding paragraph, he says:

"You have also made certain observations regarding article 292 of the Constitution and the legal implications of section 4 of the 1945 Act. I am having all these aspects examined."

That means, till this reply was sent to me, this Government was not 100 per cent

sure as to what is the legal implication of this particular provision and so they are getting this examined. I am thankful that he at least responded to this particular point, which I raised in my letter of the 21st July.

On the 5th of October when this Bill came for consideration, I raised a point of order, raised this constitutional issue, and the hon. Deputy-Speaker, who was in the chair at that time, was pleased to say: "you may continue tomorrow".

In the meanwhile the Finance Minister very cleverly and intelligently and probably with ingenuity took this immediate decision and conveyed to me on the 9th October saying that:

"The constitutional aspects of Section 4 of the International Monetary Fund and Bank Act 1945 have been carefully examined. We have been advised that the provisions of Section 4 of the Act do not suffer from the vice of unreasonableness, more so in view of the embargo put in by sub-section (3) of Section 4 of the Act. Information to be furnished under this Section relates to exchange rate policies and to overall economic and financial situation in the country and not information about a particular person or in the personal possession of an individual. Furnishing of such information as is envisaged in section 4 does not involve fundamental rights of an individual citizen.

As regards your suggestion for a monitoring mechanism in the Department of Economic Affairs to review regularly the balance of payments situation and the data regarding which are presented to the Parliament in the Annual *Economic survey*, even though no limit under Article 292 of the Constitution has been fixed on the borrowing power of the Union, as I have repeatedly clarified in the course of discussions in both Houses of Parliament, Government are pursuing a very cautious and selective policy in regard to commercial borrowing. Keeping in view our debt servicing capability, no change in the existing arrangements for monitoring the external position of the economy is called for."

[Shri Satish Agarwal]

So far as the second part is concerned, I am at the moment on that point. I am only on that limited point. So far as the first portion of his letter is concerned, he says, "We have been advised". I want to know, by whom? I demanded here that the Attorney General should be summoned to the House to give his opinion on this aspect of the matter. May I know whether the Attorney General has been consulted, whether he has given any opinion and whether you are prepared to lay that opinion on the Table of this House?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): I draw the attention of the Chair to this. Under what provisions and under what rule objection is raised at this stage? All these objections in regard to the validity of the Bill, whether the House has the competence to pass the Bill or not can be raised at the stage of introduction. The Bill was introduced in July, the Bill has now come for consideration. Simply, let that point be clarified, then I will clarify other points. Under what rule is this objection being raised now?

SHRI SATISH AGARWAL: Sir, if this objection was to be raised by my hon. friend, it should have been raised on the 5th of October, not today. I am to continue my arguments. You should have raised this objection to my original objection on this point. You cannot raise this objection today when I am at the fag end of my arguments.

SHRI PRANAB MUKHERJEE: I thought you have finished it.

SHRI SATISH AGARWAL: No, no. There is no question. You see the proceedings. You simply wanted one minute from me.

SHRI PRANAB MUKHERJEE: If you kindly go through the record of what you said the other day and what you are saying today, you will find that you raised exactly all these things and I thought that while replying to the debate I will cover them. But I did not accept because I introduced.

After you spoke, technically the position is that I said, 'Let me utter one sentence and let him start the proceedings. Thereafter, I thought that the floor would be given to me. And I decided that I will answer all your points while replying to the debate.'

I do not know what is actually before you and how you are going to decide it because these are the issues which are to be raised at the time of the introduction of the Bill, when the Bill was being introduced, and the Bill was introduced in July.

SHRI SATISH AGARWAL: Under what rule? Do you mean to say, it should have been taken objection to when the Bill was introduced?

SHRI PRANAB MUKHERJEE: Yes, because you are to raise the objection at the time of introduction of the Bill. Please look into the procedure. You are a Member of the Lok Sabha, you know it. There are two stages at which objection can be raised—objection in regard to whether the House is competent to pass it, whether it is in the Union list, whether it is not according to the laws. This is to be decided on at the stage of introduction. You are raising objection to certain provisions of the Bill even. This House cannot take objection to passing the Bill on this score. You may disagree with it. We pass so many bills, courts strike them down, then they become *ultra vires* as they are against the fundamental rights. Simply because the Members argue on the floor of the House that it is against the fundamental rights, that does not debar the House from considering the Bill. This is my simple point. Therefore, this is a matter which he can raise while taking part in the debate and I will reply to this.

SHRI G. M. BANATWALLA (Ponnani): Moreover, the Chair cannot rule also on the constitutionality of the Bill. It is for the House to consider.

SHRI SATISH AGARWAL: With regard to this objection that has been raised by the hon. Finance Minister that this objection with regard to the constitutional validity of this Bill should have been taken

when the Bill was introduced in this House on the 20th of July 1982.

I draw your kind attention to Rule 64 of Rules of Procedure and Conduct of Business:

"The Speaker may, on request being made to him, order the publication of any Bill (together with the Statement of Objects and Reasons, the memorandum regarding delegation of legislative power and the financial memorandum accompanying it) in the Gazette, although no motion has been made for leave to introduce the Bill. In that case, it shall not be necessary to move for leave to introduce the Bill, and, if the Bill is afterwards introduced, it shall not be necessary to publish it again.

So, a Bill can be introduced by seeking permission. Here the Bill is also thought to be introduced when it is published in the Gazette.

SHRI PRANAB MUKHERJEE: It has already been introduced.

SHRI SATISH AGARWAL: So far as the rules are concerned, there is no prohibition in the rules with regard to the constitutionality of a particular measure. The objection cannot be taken at the stage of discussion.

SHRI PRANAB MUKHERJEE: I am not saying that you cannot raise objection. The question is—you cannot say at the Second Stage, at the consideration stage that we cannot consider it. There is a limited power.

SHRI C. T. DHANDAPANI (Pollachi): As far as this House is concerned, the convention is this. The question of constitutional validity can be raised at the time of introduction. After the introduction, regular debate takes place. Further objection after it has been introduced is not worth while.

SHRI SATISH AGARWAL: So far as his intervention is concerned it should be taken. Her Majesty's loyal Opposition and nothing more than that.

SHRI C. T. DHANDAPANI: I expect better suggestion from Shri Satish Agarwal.

SHRI SATISH AGARWAL: You support the Government at every point.

SHRI SATYASADHAN CHAKRABORTY (Calcutta South): When objection was raised by Shri Satish Agarwal, Speaker permitted him to raise the objection. At that time the hon. Finance Minister was also present. That day he did not raise his objection and he was allowed to speak. Only because of the fact that the time did not permit, he was allowed to continue his argument the next day. Please go through the records.

SHRI PRANAB MUKHERJEE: No, no. Please go through the records. I uttered a sentence. I said, "Let me utter one sentence. The floor is with me." In fact, the floor was with me. Please go through the records and check up.

SHRI SATISH AGARWAL: No, no. You simply said, "Give me one minute. I want to say something." I thought you wanted to say something. Therefore, I agreed for adjournment.

SHRI SATYASADHAN CHAKRABORTY: I only want to draw your attention to the proceedings where I stood up and asked the Speaker—"Whether this has been formally over". He said, "No, no. The debate will continue." Shri Pranab Mukherjee, the hon. Finance Minister did not object to it. I do not find any reason for raising this objection. Most probably he has become sadder and wiser. Speaker had permitted. He is supreme. I request that Shri Satish Agarwal be allowed to continue his arguments.

SHRI HARIKESH BAHADUR (Gorakhpur): According to which rule you can just ask the hon. Member not to speak on this particular point?

MR. CHAIRMAN: There is no rule at all.

It is a different matter whether objection can be raised at the introduction stage or

[Mr. Chairman]

later on. It is mostly governed by convention.

If I may become personal to Shri Agarwal, I remember, when in the Rajya Sabha I introduced a Bill about the Pensioners. You, as Minister of State for Finance, raised a constitutional objection 'that it is a money Bill' at the stage of introduction. Therefore, normally, it should be raised at the time of introduction. Since you have raised it, I only say this. I am quoting:

"It is accepted practice in the Lok Sabha that the Speaker does not give any ruling on a point of order raised whether a Bill is constitutionally within the legislative competence of the House or not. The House also does not take a decision on the specific question of the vires of the Bill. It is open to Members to express their views in the matter and to address for and against the vires for consideration of the House. The Members take this aspect into account in voting on the Motion for Leave to Introduce the Bill or on subsequent motion."

SHRI PRANAB MUKHERJEE: I would not have objected if there are new points. But the points are the same.

SHRI SATYASADHAN CHAKRABRTY: It is only re-emphasis.

SHRI C. T. DHANDAPANI: Because, he was reading some letter... (*Interruptions*)

SHRI SATISH AGARWAL: I was already thankful for all of them.

MR. CHAIRMAN: All I can say is, like a good lawyer, he raised important points but in a wrong forum. He should have raised it in the Supreme Court.

SHRI PRANAB MUKHERJEE: I may recall that the International Monetary Fund and Bank Act, 1945 was last amended in 1969 in order to authorize our participation in the Special Drawing Rights (SDRs) scheme of the International Monetary

Fund. Creation of a Special Drawing Right scheme was an important landmark in international cooperative effort to promote suitable monetary and exchange system. The Amending Bill that I have now moved for consideration of the House follows the second amendment of the Articles of Agreement of the International Monetary Fund which became effective from April 1, 1978.

I would briefly touch on the background and nature of the second amendment to the Articles of Agreement of the International Monetary Fund. As hon. Members are aware, the International Monetary Fund was set up about 38 years ago as a result of the discussions in the United Nations Monetary and Finance Conference, known as Bretton Woods Conference. India is a founder-Member of the Fund. Participants at the Bretton Woods Conference had assigned three main functions to the Fund. First, it was to regulate exchange rate policies and payments associated with current account transactions. Secondly, it was to provide Members with financial resources for correcting payments imbalances. Thirdly, it was to be a forum in which Members could collaborate in the solution of international monetary problems.

The corner-stone of the Bretton Woods Conference was the establishment of fixed par value of national currencies which would move within narrow limits and could be altered only after consultations with the Fund and only to correct a fundamental disequilibrium. The par value system showed signs of growing strain from the mid 60's. In August, 1971, the United States formally abrogated the official convertibility of dollar into gold and other reserve assets. The system finally broke down in the early 70's due to widespread adoption of Member-countries on-floating exchange rates. In view of these developments, there was an urgent need for a thorough review and reform of the International Monetary system. The International Monetary Fund established in July, 1972, a committee on reforms of the International Monetary system and related issues, popularly known as the Committee of 20. The Committee was unable to work out all the essential details of the reform-

ed monetary system although a broad outline on reform was approved at its Sixth Meeting in June, 1974. Because of the sudden shift in the structure of international payments brought about by the energy crisis, the Committee decided to concentrate on certain urgent issues facing the international monetary system. Further negotiations of monetary reforms were carried out by a successor body of the Committee of 20, namely, the Interim Committee. Agreement on details of changes to be made was reached at a meeting of the Interim Committee at Jamaica in January, 1976. These were incorporated in the second amendment of the Articles of Agreement.

15.59 hrs.

[DR. RAJENDRA KUMAR BAJPAI *in the Chair*]

Broadly speaking, the second amendment had the following objectives.

(1) *Exchange Arrangements*: The amendment legalises the on-flowing exchange rates but strengthens Fund supervision of exchange rate practices and suggests some directions in which the system might develop. It gave Members the right to adopt exchange arrangement of their choice subject to acceptance of certain obligations. Members were to undergo a general obligation to collaborate with the Fund and with other Members in order to assure orderly arrangements. In its surveillance, Fund was required to respect the domestic, social and political policies of Members. The amendment establishes a system of exchange arrangement which recognises stability of exchange rates as an objective and relates it to achievement of greater underlying stability in economic and financial factors. The amendment also contains an enabling provision which envisages eventual return to fix but justifiable par values.

16.00 hrs.

The role of gold as common denominator of the par value of currencies and as the unit of value of the SDR has been eliminated. The official price of gold was

abolished. So were the obligatory payments in gold by the members to the Fund and by the Fund to the members. The role of SDR was proposed to be strengthened through several changes in the characteristics and usability of SDRs.

The main changes here relate to the usability of Fund's holdings of currencies. Basic criteria are the balance of payments and the reserve position of members and developments in the exchange markets. The Amendment also incorporates the concept of standby and other similar arrangements like the extended Fund facility into the Articles.

It is obvious that these changes in the Articles of Agreement can only be regarded as a transitional step towards a more comprehensive Agreement on International Monetary Reform which would, among other things, hopefully, establish a link between SDRs and development assistance and enable the developing countries to play a larger role in decision making in the Fund. Towards this end, India, in co-operation with other developing countries is making concerted efforts in the Interim and Development Committees and indeed in other forums.

The Government of India have accepted the provisions of the Second Amendment. It is only after 3/5ths of the members of the Fund accepted the proposed amendments that they become effective. The Government of India's acceptance was conveyed in June, 1977. Thereafter, the Second Amendment became effective from April 1, 1978. The Bill seeks to incorporate into the existing Act the changes which I have already referred to.

The hon. Members will see that the changes themselves are of a non-controversial nature. India as the member of the Committee of 20 was cognisant of the fact that whenever one's views on the longer term evolution of the exchange rate regimes, the world would have to live with floating exchange rate for quite some time to come.

Similarly, with regard to gold, our stand has been that the role of gold in interna-

[Shri Pranab Mukherjee]

tional monetary system should be phased out. We have consistently argued that SDR should be the centre-piece of the reform monetary system. We have to continue to work hard for re-structuring an international economic and financial relationships in the interest of global stability. That is a major item on the agenda of the 1980s.

The procedural requirements of amendment to Articles of Agreement are such that unless a sufficiently large number of countries accept proposals for amendments the amendments do not become effective.

SHRI INDRAJIT GUPTA: Which means?

SHRI PRANAB MUKHERJEE: 3/5ths of the voting power in the I.M.F.

SHRI INDRAJIT GUPTA: That is, the Governing Body.

SHRI PRANAB MUKHERJEE: Not the Governing Body. 3/5ths of the voting power. It is not a simple majority; it is like our Constitutional amendment; it is a little complicated.

It is only when the changes have been incorporated into the Articles of Agreement that legislative action can be taken. However, on the broad nature of the changes themselves, the Government have consistently kept in view fundamental national policies in the area of international economic and financial cooperation.

In regard to the changes under the Second Amendment too, we have acted throughout in the light of the broader objectives of safeguarding the interest of the developing world in a changing international environment.

I need hardly add that as far as the payments to I.M.F. are concerned, only moneys voted by Parliament in the Appropriation Bill will be paid out. This Bill does not authorised any payments without the express sanction of Parliament.

I would now commend the Bill for the consideration of the House.

MR. CHAIRMAN: Motion moved:

"That the Bill further to amend the International Monetary Fund and Bank Act, 1945, be taken into consideration."

SHRI SUNIL MAITRA (Calcutta North East): Madam Chairman, at the time of the introduction of the Bill itself, we as a party along with others expressed our opposition to the very introduction of the Bill itself.

Our party leader Shri Samar Mukherjee and others expressed their objections in the House. In any case, as it happens, these objections have more or less become a formality. It is true that objections may be there but Speaker would not give any ruling about the legislative competence or otherwise of a particular Bill.

Whatever it is, we have to understand the implications of this Bill. Unless and until we understand why these two international institutions, namely the International Monetary Fund and the World Bank were founded, who founded them, when they were founded, what was the motive force of founding them, it is not possible for us to set our perspective and discuss all the transactions that passed between the International Monetary Fund and the World Bank on the one hand and, our country on the other, and come to appropriate conclusions.

It was in the year, 1944, that when the Soviet Red Army had already cleared Russia of the Hitler's hordes and were pushing through the Eastern and Central Europe that a few nations mainly led by the United States of America decided to hold a Conference at Brettonwood, New Hampshire, USA, to decide about the future economic shape the world. And at that Conference, two institutions were founded one institution was the International Bank of Reconstruction and Development, popularly known as World Bank and the other institution was the International Monetary Fund. When these two institutions were founded, some specific aims and objects were stated there. The object of the World Bank was not as today the World Bank has been proclaiming. The stated object of the World Bank was to repair and

restore the shattered economies of Europe and the stated purpose of the founding of the International Monetary Fund was to regulate not only the international trade but also exchange rates between the countries. For these two stated objects, these two international institutions were founded in July, 1944, in a Conference which was predominantly led by the United States of America and the U.K.

In July, 1944, what was the background? The whole of Eastern Europe and the Central Europe was being overrun by the Red Army and they knew that Hitler was on the brink of defeat. Today or tomorrow Hitler would be defeated. Then their main concern was what should be done about Europe. Asia or Africa or Latin America was not their concern. Till then, they were under the impression that after the World War, the same world which existed before 1st of September, 1939, that is the declaration of the Second World War, the same world would continue, the same colonial world, spread over 3/4ths of the vast sub-continent of Asia, Africa and Latin America. They thought that would continue. But the problem was Europe. What was to be done with the shattered economy of Europe? They decided that World Bank should take up the job of salvaging whatever was left of capitalism and imperialism in the European continent and to the extent possible thwart the attempt of the European people to take over and establish socialism. But when after the Second World War this business of restoring the European economy was entrusted to the International Bank for Reconstruction and Development, they found to their dismay that the job was too big for them. Instead the USA took over the job and through the Marshall Plan they tried to restore the economy of Europe and the World Bank shifted its focus from the European Continent to the third-world continents and since then they have been carrying on their business and their political work in the entire, vast and sprawling third world of Asia, Africa and Latin America.

Now, Mr. Mukherjee is right that in the year 1945 we became one of the foun-

der Members of the International Monetary Fund. But 1945 India did not become a Member. It was the British India that became a member. India was then in chains. It was, I think, either Churchill or Attlee who was ruling there. I do not remember. I think in 1945 Churchill was thrown out and Attlee came, but whether it was before July or after July, I do not remember. Here Wavell was ruling and just before that, in 1942 the whole of India was seething with discontent and India revolted in 1945 in the month of November. Mr. Mukherjee, if you remember—perhaps you were too young to remember or to participate, but I remember in the month of November 1945 in the streets of the city of Calcutta we fought against the Britishers. Then Bombay fought and the naval ratings fought. The Army revolted, the Air Force revolted and the Naval ratings revolted. So that was the mood of India in 1945. Therefore, the country which went there was India which was in chains and which was fighting for Independence and India was compelled to become a member of the International Monetary Fund and the World Bank.

Why I am saying this is that he is making a blank statement and taking pride that India was one of the founder members. He is saying everything about the IMF. But it is IMF and the World Bank Bill. The Bill covers—not your amending Bill, but the original Act, embraces not only the International Monetary Fund, but also the World Bank.

Now, since the inception of the World Bank, they say and they claim that they have been trying to help the world and our Government also takes pride of the fact that so much of money we can get from the World Bank as well as the International Monetary Fund. But for what purpose are they giving the money? With the war shattered economy they wanted to salvage imperialism....

SHRI Y. S. MAHAJAN: Sir, is he talking on the Bill?

SHRI MOOL CHAND DAGA: He is telling the whole history.

SHRI SUNIL MAITRA: Unless and until you have the perspective you would never know what it is. At least have the patience to know these things. If you know it is very good. I am sure 90 per cent of that side do not know what it is.

Then, Sir, who had been the Presidents of the World Bank? I am giving you the names. Eugene Myer—from June to December 1946, John Mc Cloy—1947 to 1949, Eugene Black—1949 to 1962, George Woods—1963 to 1968, Robert Mc Namara 1966 to 1980 and Tom Claussen from 1981 and continuing. Each one of these men who became President of the World Bank came from the multi-national banks and the present one, Tom Claussen came from one of the biggest multi-national banks of America, i.e. the Bank of America. He became the President of the World Bank. All these persons are coming from the multi-national banks from the U.S.A. Is it your belief that they are coming here in order to help the third-world countries to develop industrially, in order to make them economically stronger, in order to take care of them and make them self-reliant and strong nations? Is it your argument? Is it your logic?

Sir, the World Bank was formed with this objective namely to help the third-world countries to develop capitalism in their respective countries. (*Interruptions*) You should be ashamed of yourself. What about Shri Antulay? What about Shri Gundu Rao? You are not the persons to say about this. Here is a book written by one of the most prolific writers. This is what he says in his book '*Money Lenders*'. The name of the author is Mr. Anthony Sampson. I quote:

"Two of the most populous countries, India and Pakistan, which were politically crucial to the West, were in desperate need of loans, but hopelessly uncreditworthy by normal bankers standards. In Washington the Senate was pressing for more lenient loans to save the third world from communism, and

as a result, the World Bank established in 1960 a new agency, the International Development Association. IDA was run by the World Bank, but it offered 'soft' loans requiring interest of only three-quarters per cent a year which could be repaid over fifty years. The funds came from nineteen of the richer countries, led by the United States, and would be lent to over eighty of the poorer countries, with per capita incomes of less than 375 dollars a year; in the next twelve years IDA lent 4.4 billion dollars to these countries—over half to India and Pakistan."

This is the money you got from the I.D.A. The IDA gave you money in order to construct the infrastructure; they then gave you money in order to develop agriculture and they gave you money in order to build up the infrastructure and agriculture so that capitalism could reach the take-off stage in this country and in the last thirty-five years you have been using the World Bank as well as the IDA's funds to develop capitalism in this country. Upto 1978, these banks's—IDA and World Bank's—cumulative lending to India was 7.09 billion dollars. With all this money, in the last thirtyfive years, you have been trying to build capitalism. Now you are in a crisis and in a mess. It is no longer possible for you to end this crisis and to solve this crisis in this process.

From the statement of Mr. Mukherjee which he made the other day on the floor of this House it seems our present foreign loan is more than Rs. 15,000 crores out of which Rs. 12,000 crores have not been explained. From several other countries and institutions how much out of Rs. 15,000 crores did you get? I think you got this money from the other institutions the International finance Commission the private Sector window of the World Bank gives loans to countries for the private sectors. The money comes from the private sectors of different European and American banks. With all these things, you have been trying to develop capitalism in this country can you say, with all these aids, whether it will be possible for you

to solve the problem of food? Have you solved the problem of food? Of course, your food production has gone up. There is no doubt about it. But can you say, you will solve the problem of food for ever? *(Interruption).*

MR. CHAIRMAN: Please try to conclude.

SHRI SUNIL MAITRA: This is an important Bill. You should give me some time

PROF. SATYASADHAN CHAKRABORTY: This is also part of our Ideological battle—at least you should give him some more time.

MR. CHAIRMAN: Please try to conclude.

SHRI SUNIL MAITRA: Ours is a country where 60 per cent of the people live below the poverty line. Even if your production goes up by 100 per cent, what happens? If 60 per cent of your people live below the poverty line, you can never provide people with adequate food. This is my respectful submission. This is not my submission alone, but this is what is found in the World Development Report, 1982 published by the World Bank. It gives the examples of Bangla Desh, it gives the example of Sri Lanka, it gives the example of other countries. It has clearly pointed out that even where food production has gone up, there has been the occurrence of, famine. Famine is not only the result of loss of production in the food front, but, famine is the result of the loss of purchasing power of the people also.

For the last 35 years you have been trying hard to build up Capitalism in this country. You have been taking so much of loan. You say that you have developed Agriculture. You say that you have completed the Green Revolution. But the reality is this: It is not possible for you to provide food even to 60 per cent of the people here who are living below the poverty line

By way of comparison, let me say what China has done. I know this: You will say that China has become now a Member of

the World Bank, it has become a Member of the International Monetary Fund and so on. But the point is, how has China been able to solve its food problem, before it became Member of these world bodies.

MR. CHAIRMAN: You please conclude.

SHRI SUNIL MAITRA: I am trying to conclude but unless and until you bear with me, I will not be able to deal with all the important points. For the first time in the life of this Parliament we are amending the World Bank and International Monetary Fund Act of 1945. It has not been discussed in this House earlier—I may say, ever since the inception of this Parliament. Please therefore bear with me. For the first time we are discussing this thing; kindly hear me.

Even without World Bank aid, even without Monetary Fund Aid, how has China solved its food problem? This is what is stated in the World Development Report 1982.

I am reading this portion which has appeared in page 88. It says:—

“China’s approach to food security cannot easily be adapted to other settings because some of its features are uniquely Chinese.”

Sir, they say ‘uniquely Chinese’. It means ‘Uniquely socialist’. They don’t like to use the term ‘socialist.’

Then the report says—

“Most importantly, food security is built into the collective system, which ensures that production teams, brigades, and other local groups give their members first access to basic necessities. Within a community basis necessities are assured mainly through the annual appropriation of collective income. Everybody receives a basic ration.”...
(Interruptions) Please listen to it. ‘Everybody receives a basic ration’. Please try to understand it:

“...even those who have earned a below-average number of “work points.”

[Shri Sunil Maitra]

But, there is a communal obligation to work; even the elderly usually find some light work to claim a share of the community income..

Households in temporary misfortune for example, because of illness, —go into debt to their collective..”

Mind you, not to the Money Lender; but to the collective.

“All collectives are obliged to maintain grain reserves at the Brigade and commune levels. Many communes also hold reserves on behalf of the State Food Agency or for livestock feed; and the total is usually enough to offset a bad harvest.”

—So, this is how China,

even before becoming a Members of the World Bank and the International Monetary Fund, had been managing its food production and food distribution and they have guaranteed food to 100 crores of the Chinese people. Why canot we feed our 70 crores of people? Therefore, you please see the difference here. In the last 35 years, you could not bring in that system. In the last 35 years you have been building capitalism in this country. The system that they have built in the last 35 years, without the help of the World Bank or the International Monetary Fund has govern the Chinese food security last you could not do so all these years.

My friend, Mr. Satish Agarwal had referred to Section 4 of Article VIII of the Articles of Agreement of the International Monetary Fund. The House and the people of this country should know that it was the British India rules by Lord Wavel and Mr. Churchill or Lord Atlee committed us to alin sorts of conditionalities of these utilisations. Now, I would like to refer to Section 5 of Article VIII of the Articles of Agreement of the International Monetary Fund. It says like this:

“(a) The Fund may require members to furnish it with such information as it deems necessary for its activites, in-

cluding, as the minimum necessary for the effective discharge of the Fund's duties, national data on the following matters:

(i) official holdings at home and abroad of (1) gold (2) foreign exchange;

(ii) holdings at home and abroad by banking and financial agencies other than official agencies of (1) gold, (2) foreign exchange;

(ii) production of gold;

(iv) gold exports and imports according to countries of destination and origin;

(v) total exports and imports of merchandise, in terms of local currency values, according to countries of destination and origin;

(vii) international investment position, including (1) trade in goods and services, (2) gold transactions, (3) known capital transactions, (4) other items;

(vii) nternational investment position, *i.e.*, investments within the territories of member owned abroad and investments abroad owned by persons in its territories so far as it is possible to furnish this information;

(viii) national income;

(ix) price indices, *i.e.*, indices of commodity prices in wholesale and retail markets and of export and import prices;

(x) buying and selling rates for foreign currencies;

(xi) exchange controls, *i.e.*, a comprehensive statement of exchange controls in effect at the time of assuming membership in the Fund and details of subsequent changes as they occur; and

(xij) where official clearing arrangements exist, details of amounts awaiting clearance in respect of commercial and financial transactions, and or the length of time during which such arrears have been outstanding.

Now, so far as our economic information is concerned, fiscal information is concerned, so far as our development information is concerned, so far as our

trade is concerned so far as our foreign exchange holdings are concerned, so far as our economic data are concerned, already the British India had committed us to furnish these to the agency dominated by the imperialists and worst of all the United States Imperialism. They have committed us to furnish each and every data to the United States Imperialism. It is a shame of our economic, fiscal and political life. Now, way back in 1945, when this country was ruled by the Britishers, they generally imposed on us these obligations and the Finance Minister is now taking pride saying that we are one of the founder members of the World Bank and the International Monetary Fund. Now, what is the role of the International Monetary Fund? In early 70s, the price of petroleum went up to four times than what it was just before that, and you would know that the Arab countries, specially the petroleum product producing countries, amassed huge wealth which they could not spend in their own countries. They deposited the moneys in the multinational banks in the U.S.A. A Senate Sub-Committee was formed in the American Congress under the Chairmanship of the Senator, Frank Church and that Committee found that in a period of 2-1/2 years—only between 1974 and 1976 March—that 14.5 billion dollars had been deposited with the six top multinational banks in the U.S.A. So, there was a rush for lending. These Multinational banks wanted to lend and they rushed to the third world for lending and lending.

I am giving you the example of their lendings. To Zaire they have lent \$4 billion, to Argentina \$ 36 billion, Brazil \$ 75 billion, Mexico \$ 33.5 billion, Nigeria \$ 5 billion. There are umpteen number of cases, but I will not take the time of the House by quoting these figures. But what is the result of it today? We have already seen that Mexico has declared itself in default. When Mexico cannot pay back, when Brazil cannot pay back, when Zaire cannot pay back, when they are not in a position to pay back, then the multi-

national Bank go to the International Monetary Fund which today is acting as the monetary policeman of the international finance and the multi-national banks throughout the world. Today not only in the IMF and the World Bank, but also in the conferences of the heads of the Multinational banks the people of the International Monetary Fund are present and through their mutual consultaion they decide to which country they should lend. It is on the advice of the multination banks that the International Monetary Fund spells out the condtions of loans. When the multi-national banks lend loans to these countries they see to it that the conditionalities of the multi-national banks are similar to those of the International Monetary Fund towards the third world countries. The terms and conditions of the loan stipulated by the IMF are pushed through the throat of the third world countries. Today ours is the country which only the other day had taken a loan of \$5 billion. When the economy goes wrong, the usual advice of International Monetary Fund will be to devalue the Rupee. When the IMF loan was being discussed in the House, it was the Finance Minister who said we will never devalue. I would ask my Hon. friend in the last three years how much the rupee has depreciated in relation to dollar? It is 30 per cent. And your Rupee has been depreciating in value every week. Already in the last two and a half years the Rupee has been practically devalued to the extent of 30 per cent; because of the daily depreciation of the Rupee value in relation to dollar. Another prescription suggested by the IMF will be to push down the wages and third will be the cutting down the subsidy. Mr. Mukherjee the other day told the House that we are not going to cut down the subsidy. And, Sir, here is the World Bank Report and he says he won't cut down the subsidy. You will be the first to do it. You are not your own masters. Your subsidy will have to be eliminated.

Now, Sir, I will end up only by giving you this quotation by a person, whom you trust, whom you love and whom you respect also. He is Arthur Schlesinger, Special Assistant of President Kennedy.

[Shri Sunil Maitra]

In his book, 'Thousand days' he said and I quote:

"If the criteria of the International Monetary Fund had governed the United States in the 19th century, our own economic development would have taken a good deal longer. In preaching fiscal orthodoxy to developing nations, we are somehow in the position of the prostitute, who, having retired on her earnings, believes that public virtue requires the closing down of the red light districts."

This is what the I.M.F. is doing, from whom you have already contracted \$5 billion loan on terms and conditions which have already started bringing disaster in the economy of this country and in the process you have mortgaged your economy to them.

SHRI Y. S. MAHAJAN (Jalgaon): The hon. Member is acting like a soldier who fires in the air, but does not hit the mark. He talks about all the other things in the world—about international capitalism, communism, colonialism and Marxism. But he does not deal with the provisions of the Bill.

The Brettonwoods Conference in Hampshire in 1944 gave birth to the twin institutions, viz., the International Monetary Fund and the World Bank for Reconstruction and Development. The first institution was meant to establish orderly monetary relations between the countries, after the Second World War. The inter-war period between 1918 and 1939 was marked by excessively unstable currency rates, currency depreciation and multiple currency practices which hindered international trade and economic development of the countries.

So, the object of the IMF was to see that international monetary relations were of an orderly nature. The second institution was to provide finance for reconstruction after the War, and the development of the economically backward or developing countries. Both the institutions have rendered a great service to the

world in the last 35 years. India was a member of the Brettonwoods Conference, where we were ably represented. And we are among the founding fathers of the IMF. The Articles were framed in 1944, but the then legislature of this country passed in Act in 1945. There is no reason to believe that we are not bound by the Act of 1945. Hundreds of Acts were passed before Independence, in India. Are we not bound by them?

SHRI SATISH AGARWAL: It was not done by an Act, but by an Ordinance.

SHRI Y. S. MAHAJAN: The ordinance was later converted into an International Monetary Fund Act in 1945.

SHRI SATISH AGARWAL: It was an ordinance in 1945. It was not discussed in the Central Legislative Assembly. It was converted into an Act in 1959.

SHRI Y. S. MAHAJAN: The hon. Minister will clarify the position.

The object of IMF was to maintain stable foreign exchange relations, to eliminate multiple currency practices, to avoid restrictions on current transfers for international payments; and, indirectly, to promote employment and economic development of developing countries.

In the beginning, the IMF supported flexible rate of exchange by a system of *par* values. The present Bill is meant to promote greater flexibility in the exchange rate system, which is necessary in the modern world. This it could do by helping countries to tide over their temporary difficulties in balance of payments. Help was readily given if the difficulty in the balance of payments position was temporary. If the balance of payments suffered from a fundamental disequilibrium, help was not readily given. There is fundamental disequilibrium if the country has to undergo structural changes to get over that difficulty. The concept of fundamental disequilibrium has, no doubt not been, defined by the IMF, but this explanation can be given, in a general way. The system of *par* values or pegged rates of exchange was subject

to change. It fell to pieces first in 1971, and again in 1973.

Today, the restoration of that system is not impossible in the modern world. The article has to be amended to provide for greater flexibility of exchange rate and this fits in with our economic policy.

Our exchange rate is pegged to a basket of currencies of India's trading partners since 1975 with the pound sterling as the international currency. The relationship between the rupee and the basket of currencies is maintained with a margin of 5 per cent either side. This system has proved highly satisfactory; and this shows why we should support the amendments in the Bill.

The second object of the Bill is to reduce the role of gold in the international monetary system. Gold has been dethroned from its sovereign position in the world monetary market, the position which it has held right from the end of the Napoleonic War to 1930. The U.S.A. was the last country to give up the goldstandard, that is an arrangement in which the value of a definite weight of gold and the value of a unit currency are held equal to one another. In popular language, by gold system we mean a system under which gold is used as a backing for the currency of the country or the gold is used as the main reserve for international payment. In this country, this system continued till 1930, but the USA gave it up in 1933. It reduced to redeem the dollar in terms of gold in 1933 but it continued to support dollar with the backing of gold to the extent of 25 per cent of its value; and this also it gave up in 1968. Since 1968 or between 1933 and 1968, we had some sort of system called the 'gold exchange standard', that is the countries maintain the value of their currency stable in terms of some currency which is on the gold standard, such as the dollar. So, we had some sort of a dollar exchange standard from 1933 and 1968. But, this also proved unsatisfactory because with expanding trade, larger deficits and surpluses, countries of the world found that they did not have sufficient liquidity, did not have

enough means for paying differences in the international payment and, therefore, liquidity has to be increased. The International Monetary Fund found the solution in S.D.Rs. This idea was suggested by Lord Keynes, the greatest economist of this century. When the International Monetary Fund was founded, there were proposals or two schemes: one was by Keynes and other was by White who represented the American Treasury. In the beginning, White's proposals were accepted; but now, after long experience, the world is prepared to accept Keynes's proposals who said, "Let there be a unit of international currency; which can be the basis of currencies reserves in the world."

As the system became precarious the IMF had to introduce a system of special drawing rights which supplements but does not displace other type of international liquidity. In pursuance of this policy of reducing the importance of gold, the International Monetary Fund embarked on a bold programme of gold sales and the total amount of gold sold in this way was 25 million ounces by May 1980 valued at 4.6 billion dollars.

The third objective of the proposals before the House is that the role of the S.D.Rs should be increased. As I said, the S.D.R. represents a new type of liquidity, a new type of reserve and the idea is to see that its importance increases in relation to dollar or pounds sterling; and this is to be done by permitting its use in swap arrangements, forward operation, donations or grants and by increasing a number of official institutions that may hold, acquire or use the S.D.R. The S.D.R. represents a new form of liquidity and marks a great step forward in the evolution of a rational International Monetary System. The amendments and the articles are measures intended to give a central role to the SDRs, i.e. to recognise it as the principal reserve asset in the international monetary system as an investment vehicle and as a contract unit of amount. These changes would make for a more suitable system of international money and permit a rational

[Shri Y. S. Mahajan]
economic system and development of the economically backward countries.

Now I come to the controversy which has been raised in this House and outside a mention of which was made by hon. Members on the other side. There has been a lot of misunderstanding about the word, 'conditionality' of the loans given by the IMF. The loan given to India has been under the Specially Extended Fund facility which was created in 1974, and its object was to assist those members countries whose economies suffered very serious balance of payments difficulties resulting from structural imbalances in trade, production or prices, that is countries which have an inherently weak balance of payments position. Drawings under this facility can be phased over a three-year period, and they are subject to performance clauses relating to implementation by the members of the policy measures that are necessary for restoring balance in their international trade. So far, about 20 countries, like Jamaica, Bangladesh, Pakistan, Egypt, Morocco, etc. have availed themselves of this facility. Most of these countries are developing countries, generally non-oil exporting countries and suffering from balance of payments difficulties. When the Specially Extended Facility was on the anvil the Committee of 20, to which the hon. Minister referred, strongly supported the scheme and the representatives of the less developed countries did not object to the concept of conditionality. And this was but proper, because the conditionality is nothing—the word is rather funny, but it is a matter of English—it means nothing but the set of economic, fiscal and financial policies agreed upon between the IMF and the borrowing countries to bring back the latter's economy to normalcy, i.e. to a condition under which its exports will be equal to its imports, including invisibles. And this objective was to be achieved not by cutting down imports to the level of exports by adopting measures which will result in multiple currency practices or restrictions on current payments but by increasing exports so that the balance can be achieved at a

higher level. Such policies on the part of each country to increase exports and achieve balance at a higher level is conducive to the development and economic prosperity of all the countries of the world. The other policy of cutting imports by restrictive measures amounts to a beggar my neighbour policy. You beggar your neighbour and in fact you beggar yourself. In fact, this is the lesson which we learnt during the entire war period of 1918-28. The idea then, that such policies are against the sovereignty of the nations is a travesty of facts. It is a shocking misrepresentation of the actual situation. There is not a single conditionality clause which does not embody a policy approved by this sovereign body and therefore by the people of this country. All that the IMF demands is the right to be informed as to the implementation of these policies, a right to which Shri Satish Agarwal referred. This conditionality requirement is non-discriminatory and even Communist countries like China, Kampuchea and Vietnam seem to have subjected themselves to this requirement. If a country takes advantage of the Specially Extended Facility, it is but natural and proper that it should agree to policies which will enable it to get over the structural imbalance in the economy and keep the IMF informed about it and allow its team of observers to come and see for themselves what the country is doing. To object to such a procedure is like eating a cake and also trying to have it. I think some Members of the Opposition do not see any thing illogical in such a position.

SHRI SATISH AGARWAL: I have to attend the meeting of the PAC at 5 O'clock. It would not be possible for me to conclude before that. Mr. Indrajit Gupta is to speak and he is going out. There are many persons on the list of speakers. I suggest that he may be given priority over others and I may be permitted to speak tomorrow.

SHRI INDRAJIT GUPTA: I am thankful to you, Madam, and my friend, Mr. Satish Agarwal, for his generosity.

We have heard some very interesting discussions on the international economic policy and the international economic scene. I am very tempted also to join this fray, but, I think, it is not possible within the scope and compass of this debate. Perhaps, the Opposition has been a bit lax not being very vigilant at the time of introduction. Personally I do not recall that 20th of July introduction. Perhaps, some of us were not here. I do not remember. But we have been lax. I have no hesitation in saying that we should have been more alert and we should have taken these points at that time. There is no doubt about it. But this does not certainly preclude us having our say now.

Just now, we heard the hon. Member on that side, claiming that the International Monetary Fund's policies, conditionally and purposes are meant to restore the structural imbalances, which exist in the economies of developing countries, like ours. I do not know whether this theory is accepted even by the IMF authorities themselves, because, if it is the job of the IMF to correct structural imbalances in the economies of the developing countries, then the IMF must be some kind of an angel of charity. That is all I can say because the whole fight that is going on is about the new economic order, this basic struggle between the developing countries and the developed countries, between the North and the South and so on, in which context, I think, India is very much on the side of the developing countries. That is precisely because there are structural imbalances, which are in built into the economies of the developing countries for no fault of their own, but due to certain historical reasons, just because these imbalances are not only not being sought to be overcome but are being sought to be perpetuated and aggravated further by the more affluent of the developing countries. So, I do not know why this claim has been made. This is patently ridiculous.

Only recently, the President of Mexico, Louis Portillo,—who was our honoured guest two years ago, on the Republic day—when he has carried out the nationalisa-

tion of banks in Mexico, has done a bit of plain speaking about as to how the international finance is operating through all these various agencies against the interests of the developing countries. I do not want to quote him. But he has said some very patent things how, by manipulating the international interest rates, by compelling these countries to borrow more and more to sink deeper and deeper into the morass of debts, which they can never hope to repay, the third world countries whether Asia, Africa or Latin America, are being plunged into a deeper and deeper crisis. This is a deliberate policy, he has said, which is being carried out by the more affluent powers of the western world and the developed countries. Anyway, I do not wish to go into it. We can discuss it on a future occasion, if we get an opportunity, which I doubt very much.

SHRI PRANAB MUKHERJEE: Why?

SHRI INDRAJIT GUPTA: Because, nothing is discussed in this House, of any economic policy, for ever even though I have been shouting for a long time. Even the Plan is not discussed, let alone other economic policies. So, let me confine myself to this Bill.

First of all, I want to ask one or two clarifications from the hon. Minister. The Annexure which is attached to every Bill gives extracts from clauses and sections of the original Act, which are sought to be amended, for reference of the members, so that they can easily refer to them. I should have thought that in this Bill the provisions of sub-sections (1), (2) and (3) of section 54 of the Indian Income-tax Act, 1922 would have been reproduced, the text would have been reproduced here, for our reference, as they are now being sought to be deleted from the reference in section 3. First of all, the Indian Income-tax Act of 1922 is no longer in force; it has been amended umpteen times, and the Income-tax Act, as it stands today, of 1961, incorporates so many amendments made earlier. Now you are asking us to understand the implications of the provisions of sub-sections (1), (2) and (3) of section 54 of the Indian Income-tax Act of 1922. I do

[Shri Indrajit Gupta]
not know why you should compel us to do so much of home work and research; we are not bound to do it. We are not school boys here, sitting for an examination or a test. It is the common practice to give the extracts of clause or provisions in the Annexure.

SHRI PRANAB MUKHERJEE: It is not the parent Act; the parent Act is not the Income-tax Act.

SHRI INDRAJIT GUPTA: The parent Act contains reference to this clause.

SHRI PRANAB MUKHERJEE: If you want the provisions of the Income-tax Act here, then there will be no end to it. Then in every Bill you have to incorporate the provisions of so many enactments, if I accept that practice. The practice is to mention or give the provision of the parent Act. Here also the same practice has been followed; the provisions of the parent Act have been given.

SHRI INDRAJIT GUPTA: You can check up whether it is available. We are not bound to do so much of home work, when the thing is not available anywhere. If you ask the Library, they will give you the Income-tax Act of 1961.

SHRI PRANAB MUKHERJEE: There also you will get the relevant provision.

SHRI INDRAJIT GUPTA: Section 54 of the present Act and section 54 of the Income-tax Act, 1922 are not the same; they relate to two different things.

Anyway, my point is this. In the Statement of objects and Reasons, the Minister has stated:

"The present opportunity is being availed of to omit the reference in section 4 of the Act to the Indian Income-tax Act of 1922...."

But what is the reason for this deletion is not being stated anywhere. The whole purpose of this amending Bill has been shrouded in a certain amount of obscurity, and it is this which has provoked a debate or controversy which is taking place, inside the House and outside also in the press and everywhere. What is the necessity for you now to come forward with an amendment,

deleting the reference to the provisions of the Indian Income-tax Act, which should apply in relation to information obtained under this section, as they apply to the particulars referred to in that section? It was not answered so long. He himself has stated in his opening remarks that these modifications and amendments, which were made by the Board of Governors of the IMF on April 30, 1976, came into force on the 1st of April 1978; that means, about four years ago, over 4 years ago they came into force in April 1978.

16.59 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

This is October 1982. So, for over four years after those amendments or modifications in the articles were brought by the IMF itself, there has been no necessity to bring this amending Bill, you were able to carry on without this amendment.

17.00 hrs.

So, anybody logically would come to the conclusion that either this amendment is not of a very pressing nature at all—it is not urgent at all, you can carry on very well for four years, it means that you are supplying all the information that the IMF wants from you without any difficulty, even with that clause being there. Now, why is it necessary to delete that portion? What is it now that makes it necessary to delete that reference to the Income-tax Act, without which you want to imply that you cannot supply to the IMF the type of information on they want? Why was it not necessary all these years? You cannot have both ways, Mr. Mukherjee; you cannot have the cake and eat it too. Either there is no urgency of this amendment, you must say that. If there was no urgency how did you carry on all these years?

SHRI PRANAB MUKHERJEE: I will give you the reply.

SHRI INDRAJIT GUPTA: Of course you will give the reply. Why are you impatient? You take much more time than I and carry on for half a day if you like. On the other hand, has anything inter-

vened in between 1978 and 1982—some new development which has now made it necessary for you to want to delete this clause? The only new thing of any importance that one can see is the fact that you have entered into this loan agreement last year, that you have taken a massive loan of Rs. 5000 crores and it is only after that, shortly after that, you have come forward with this amending Bill. Until you took that loan, prior to your taking that loan, you never considered it necessary to bring this amending Bill although the IMF has already brought in those amendments and modifications four years ago. Now, if you say that this must be done so that you come in conformity with those amendments, I can understand it. But why was it not necessary for four years and why has it suddenly become necessary now? The only development is that you have taken a huge loan, the largest loan that the IMF has given to any borrowing country so far. So, that means that he must explain to this House as to what are the new conditionalities attaching to last year's loan which now make it necessary to remove this reference to the Income-tax Act in order to supply the IMF the type of information and data which they may ask us to do. That is why all the suspicion has arisen. There was some protection under the Income-tax Act provisions. They can go so far and no further. They can give certain information and data but not beyond a certain point which would transgress on certain details relating to the condition of the particular Corporation or Company or individual or party who is to supply that information. Once you have ordered to supply the information, there is no go, they have to supply it. That is the meaning of the statute. And it is also stated in the IMF Act, the parent Act, that the extent of the details which have to be supplied is to be borne in mind by the Government and the Reserve Bank of India and that decision is final, nobody can question it. Nobody can go to a court and say that 'I have been asked to reveal details to an extent which it is not necessary for the IMF to obtain'. You cannot say that. Their decision will be final. But how much of the details you have to sup-

ply? My humble question is: Why was it not necessary all these years and now why has it suddenly become necessary and what is the type of information which they anticipate that the IMF will ask for? In order to supply it whatever safeguards there were in the Income-Tax Act for our people in this country are to be removed. No light has been shed on this at all. Nobody says anything. The Government has given no explanation either in the Statement of Objects and Reasons or in the opening remarks of the hon. Minister. Then, what do we suppose to approve or disapprove? I cannot understand. The general question which we have stated earlier many times is that there is no doubt that once you have contracted this loan, there the economic sovereignty of this country is being eroded. You are not the master in your own house as far as your economy goes. That is inevitable. I.M.F. never forced us to take this loan. I.M.F. never took us by the scruff of the neck and said, "you have got to take this loan". They cannot do that. They have no power to do that. It is we, our Government, voluntarily, with open eyes, understanding, conscious of all the risks, decided to go in for this loan knowing that these conditionalities are attached to it. Having done that it is their duty and obligation to tell this House, why are they amending this Bill and removing this provision now when it was not necessary to do so for the last four years? Obviously it was not so urgent. What has made this urgent now? It means after we have contracted this loan, there is some pressure from the side of the IMF for getting more and more information, data of a nature which is prohibited from disclosure under the Indian Income Tax Act. You must tell us what is that. Neither the Parliament, nor any court in this country nor even the Supreme Court of India has access to these things.

You remember the old voluntary disclosure scheme. Some people disclosed their incomes and assets under the voluntary disclosure scheme. Incentive was offered to them. If you voluntarily disclose your income or assets you will be spared of certain burden. Is anybody entitled to know?

[Shri Indrajit Gupta]

The Finance Ministry is not liable to disclose. The Income Tax Authorities in this country are not liable to disclose who are those people and how much they disclosed voluntarily. That is kept confidential.

Last year Shri Venkataraman floated Bearer Bonds, to try to unearth black money and so many people are reported to have gone to the banks and deposited some part of their black money at least. No question was asked—who are you, where did you get this money from, how do you account for it? Guarantee was given to them that no question will be asked. Nothing is to be revealed. It is all confidential. Parliament cannot know. The Supreme Court cannot know. Nobody can know.

Now, this IMF, international external agency, can demand any information, any data, any particulars, any details, it wants to, regarding anybody and the Government has got to supply that information. Previously the only somewhat modest safeguards against going too far were those provisions of the Income Tax Act. Now that is being removed. Why? I want to know. He must reply to it. I really do not want to take much time because this is the main controversy in this Bill. There are some other things of course.

Article 9 of the original, your parent Act, Section 5 says:

"The archives of the Fund shall be inviolable"

That means that all the material, the information, the data, everything that the IMF collects and keeps in its archives are to be inviolable. That means 100 per cent secrecy and confidence is to be expected in relation to the information which is in the custody of the IMF. They are not bound to reveal anything. They are the super kind of guardian, they are super policemen. Everybody else must supply whatever information they ask for. As far as their archives are concerned, they shall be inviolable. What is this double standard which we have agreed to accept? Are we

not a sovereign country? I do not know why Members on the other side are inclined to this. After all we are Indians; we are the citizens of this country. We are Members of Parliament. We are all concerned with the sovereignty and security of our country and sovereign rights of our Government as far as they relate to foreign agencies. I do not understand why they react so. They get provoked by our criticism so much. Somebody must be satisfied about these things. IMF is put up on such a high pedestal, as a kind of super agency. Super-State, I should say. And then, they are not liable to divulge anything to anybody and every State which takes loan from them, as Member of the IMF, is obliged to give any information that they ask for. And in our particular case, there is the Indian Income-tax Act which some limitations on the details and to the extent to which we are bound to give information. Now, the Minister has come with an amending Bill and says that this must be removed and he has no obligation to explain to this House. Why he has not stated a word about it, so far? Why is it necessary? For what purpose? What are they demanding from us? We would like to know.

So, Sir, we are totally opposed to this kind of Bill. The last point which I would like to make is this. Large parts of our country, in many States, are facing a very severe food crisis arising out of the drought and flood which affected so many States. We are going to debate it later on this week. The only point I am raising in this connection is and I think, it was mentioned this morning during the Question Hour by the Minister also, that in order to save the poorest section of the people from this near-famine conditions which are likely to develop in some areas which have been affected badly by drought and flood, the Government has got to purchase and procure more and more foodgrains in order to supply to those suffering people in those areas through the public distribution system at controlled prices. Without that you would not be able to save these people in Bihar, in U.P., in Orissa, in the northern

districts of West Bengal and in so many States from the terrible conditions. Rice is now selling at Rs. 4 per kilo gram. How are our people going to survive? Statutory ration has been cut down in Calcutta from 4 kilo grams to 2 kilo grams. The issue price has been increased already by 13 paise so far per kilo gram. So, what I want to say is, in this grim condition of crisis which we are facing now, the necessity of the Government to purchase foodgrains and supply them through public distribution system will necessarily entail a subsidy. Without subsidy, these things cannot be carried out. It is obvious that the Government will have to buy foodgrains at a rate much higher than the rate at which they have to supply to the people, through the

AN HON. MEMBER: 700.

SHRI INDRAJIT GUPTA: Whatever it is—700 crores or anything, I want to know from the Minister whether this is permissible under the I.M.F. conditionalities or not? I am asking this at a time when millions of people in our country—poorest section—are going to face conditions of near-famine and starvation. Already, you see, there are conditions leading to people having demonstrated for relief and food in many places. They are facing it already.

MR. DEPUTY-SPEAKER: Are we to take the permission of the I.M.F. even for the public distribution system? You are asking the Minister!

SHRI INDRAJIT GUPTA: I do not know. I want to know from the Minister. I have not signed the Agreement. Not only for public distribution but for increasing the subsidy also. . . .

MR. DEPUTY-SPEAKER: You have to take the permission of the great Parliament.

SHRI INDRAJIT GUPTA: I am sure, you are aware of the fact that the I.M.F. conditionalities are very much up on the question that the Government subsidy must be cut down all-round. Last year, when we were debating this loan, I asked

whether this policy would apply to food also. I asked whether it is a general policy of making those countries which have taken the loan to cut-down their subsidy or it will also apply to the subsidy which is necessary for getting the public distribution system of food going. No reply was given.

But today the situation has become very acute and serious. And this new amending Bill has been brought in. I do not know what it means. No explanation has been given. I want to know whether the subsidies which are necessary in order to provide food at cheap rates in these flood and drought affected areas, are going to be affected in any way by the I.M.F. conditionalities that subsidy should be sharply reduced. (*Interruptions*). And pressure from the I.M.F. means, the issue price will be increased.

All it means is that instead of now having increased it by 13 paise per kg., tomorrow they will increase it several times, by much more, to a figure which will be beyond the capacity of the poor people to buy. That is all it means. Is that the policy that they are going to follow or are they in a position to tell the IMF that when our people are facing conditions of starvation and all that, if it necessitates paying higher subsidy in order to feed them, we are going to do it, whether conditionality or no conditionality. What is the position in regard to that we want to know. We have all these apprehensions. We have all these apprehensions. We have been told that we have nothing to bother about. They say that the Government is sovereign and they will do what they like. But that is not the way we are proceeding. If you cannot satisfactorily explain even this one Clause, what else can you do? Therefore, our apprehensions on bigger issues are very much justified and I oppose this Bill because it has been brought in a hole and corner way.

Now, big lectures are being given about international balance of trade and stability of exchange rate? Where is the stability of exchange rate? He talked about stability of exchange rate. My hon. Professor talked about flexibility of exchange rate.

[Shri Indrajit Gupta]

Is it the same thing? They say that the IMF loan is going to lead to stability of exchange rates. Is it leading to that? The Professor said, "No, no; it is meant to provide greater flexibility to exchange rate" which means something else. You can see what is happening to the rupee in terms of the dollar every day. We cannot venture to have a bigger economic discussion now. I hope, some time will be found in future. It is not an innocuous and innocent Bill as it looks to be at all. We are waiting to see what the hon. Minister's reply comes. But I am totally opposed to it.

श्री मूल अन्व डाला (पाखी) : टोरेंटो में हमारे वित्त मंत्री जी ने कहा था कि घनी राष्ट्र तीसरी दुनिया के देशों को इग्नोर नहीं कर सकते हैं। आई० एफ० एम० के लोन के बारे में जब चर्चा हुई थी तब भी उन्होंने कहा था कि तीसरी दुनिया बहुत बड़ी है और मालदार राष्ट्र डिवलपिंग कंट्रीज जो आगे बढ़ना चाहती हैं और चाहती हैं कि संसार के लोगों में आपस में बल्लेस बना रहे, उन को आगे बढ़ने से रोक नहीं सकते हैं।

हिन्दुस्तान एक गरीब देश है। लेकिन उसकी क्रेडिट वॉल्यूम बहुत है, उसकी इन्फ्रस्ट्रक्चर बहुत है। और यही वजह है कि उसको पवास अरब रुपया लोन के तौर पर मिल सका है। हमारे पहले जो वित्त मंत्री महोदय थे उन्होंने जो कुछ कहा था उस को हमको मान लेना चाहिये। उन्होंने कहा था :

"We are not obliged to take any prescriptions of theirs which are contrary to our national policy and contrary to the policies adopted by Parliament."

भूतपूर्व वित्त मंत्री ने जो बात कही थी उस को मैं रिपोर्ट करता हूँ :

"We are not obliged to take any prescriptions of theirs which are contrary to our national policy and contrary to the policies adopted by Parliament."

माननीय मंत्री श्री इन्द्रजीत गुप्त बताएं कि क्या यह सही नहीं है कि आई० एम० एफ० लोन जब लेने की बात चली थी तो क्या यह सच नहीं है कि कुछ राष्ट्रों ने अड़चन भी पैदा की थी लेकिन फिर भी हमारी क्रेडिट वॉल्यूम की वजह से, हमारी इन्फ्रस्ट्रक्चर की वजह से हम को यह मिल गया था? हमें विकास के काम करने हैं। अमेरिकी देशों ने तेल के दाम बढ़ा दिये थे। हमारा एक्सपोर्ट कम हो पा रहा था और तेल पर हमारा जो खर्चा था आयात के कारण वह बहुत बढ़ गया था। तब हमारे सामने रास्ता कौन सा रह गया था? भारत सरकार ने कई बार इस बात को बताया है। कि हम किसी देश की शर्त मानने के लिये तैयार नहीं हैं? यह तो अपने विकासशील देश को आगे बढ़ाने का अच्छा तरीका है। और श्री सी० सुब्रह्मण्यम ने भी कहा था :

तो इसके पहले भी हमारे भूतपूर्व वित्त मंत्री श्री सुब्रह्मण्यम ने कहा था

"Shri C. Subramaniam: "The loans have helped India tide over foreign exchange problems."

"Asked about the apprehensions of those critical of the loan transactions in the light of the near bankruptcy in Mexico, another country heavily dependent on the IMF, he said:

"Not all depends on the loan but (rather on) how it is being used. We have an adequate infrastructure to push through our socio-economic projects with the aid of the loan."

हमारे पहले वित्त मंत्री ने भी कहा था कि अभी मैं राजनीति में नहीं हूँ, न किसी पार्टी से संबंध रखता हूँ, लेकिन आज जो लोन लिया जा रहा है उसका एक बेस है कि भारत जैसे विकासशील देश को कैसे

आगे बढ़ाया जा सके। हमें जो 50 अरब का लोन मिला है हम उनकी शर्त मानने के लिये तैयार नहीं हैं। केवल यह बात थी कि घन का उपयोग कैसे होगा। हमने पावर में उसका इस्तेमाल किया, कोल प्रोडक्शन हमारा बढ़ा, स्टील का उत्पादन बढ़ा, तेल की बोज में पैसा लगाया और हमारे पेट्रो-लियम मंत्री कहते हैं कि आने वाले समय में 75 परसेंट, तेल हम स्वयं उत्पादन कर लेंगे और निकट भविष्य में आत्मनिर्भर हो सकते हैं। तो सवाल यह है कि आई० एफ० एफ० लोन जो हमने लिया है उसका उपयोग किस प्रकार से देश कर रहा है। देश ने जो तरक्की की है, उन्होंने कहा है :

"The growth of India's real gross domestic product (accounting for about one-fourth of the region's total output) accelerated from 4 per cent in 1980 to 5 per cent in 1981.

"Foodgrain production rose by 4 per cent and, with an easing of supply bottlenecks, industrial production continued the recovery that had begun in 1980. Private investment increased, although gradual tightening in the credit policy began to have some restraining impact in the latter part of the year."

तो उन्होंने बताया है कि इस लोन को लेने के बाद हम सब क्षेत्रों के अन्दर प्रगति कर रहे हैं। जनता पार्टी के शासन काल में हमारी आर्थिक स्थिति खराब हो चुकी थी। कोयले का उत्पादन घटा, तेल नहीं निकला, उद्योगों का उत्पादन कम हो गया लेकिन लोन लेने के बाद जो उसका परपज था उसकी पूर्ति की तरफ हम बढ़ रहे हैं।

आपको मालूम कि कानकुन सम्मेलन में हमारी प्रधान मंत्री ने क्या बात कही थी जब रोगन से उन्होंने मुलाकात की थी? उन्होंने कहा था यह एक दलदल है उसमें मोटा हाथी भी नहीं चल सकता है, वह भी फंस जाता है।

MR. DEPUTY-SPEAKER: You conclude by 5.30 P.M. because the Minister will have to reply at 5.30 P.M.

SHRI MOOL CHAND DAGA: I will have to take more time.

MR. DEPUTY-SPEAKER: The Minister will have to reply at 5.30 P.M.

SHRI MOL CHAND DAGA: I will have to participate in the Half-an-hour Discussion also.

कानकुन सम्मेलन के अन्दर भी यह बात कही थी कि हिन्दुस्तान किसी मुल्क के सामने झुकना नहीं चाहता। यह शर्त इस लिये नहीं है, यह तो हमारा अधिकार है। अगर हम किसी बैंक से या आई० एम० एफ० से लोन लेते हैं, इसका मतलब यह नहीं हुआ कि हम किसी राष्ट्र की नीति मानने लगे हैं।

मैं जानना चाहता हूँ कि क्या कोई ऐसा उदाहरण है कि हिन्दुस्तान द्वारा लोन लेने के बाद किसी दूसरे राष्ट्र ने हमारी नीति में हस्तक्षेप किया हो? हमारी देश की नेता प्रधान मंत्री श्रीमती इंदिरा गांधी ने आज भी खुले शब्दों में ललकारा है कि कुछ राष्ट्र यह न समझे कि विकासशील देश आगे नहीं बढ़ सकते। हम लोगों का जो लोन लेने का अधिकार है, उसका उपयोग हो रहा है और आई० एम० एफ० लोन से काफी चैन्जेज आते हैं।

पहले बोलने वाले वक्ता ने यह नहीं कहा कि इस क्लॉज यह गड़बड़ है या कमी है। उनसे तो हमारे उपाध्यक्ष महोदय ने यह पूछा था कि आई० एम० एफ० लोन से आपको क्या अपेक्षा है। इस पर उन्होंने कोई जानकारी नहीं दी। उन्होंने यह जानना चाहा कि आई० एफ० एम० लोन से दूसरी बार जो हमें 5,000 करोड़ रुपये मिलना था, वह भी क्या सुविधापूर्वक दिया गया है। हमारा कहना यह है कि हमने जो लोन

[श्री मूल चन्द डागा]

लिया है उससे उत्पादन बढ़ेगा और हम आगे बढ़ेंगे। उन्होंने ऐसी कोई बात नहीं बताई कि यह बिल इसलिये आपत्तिजनक है।

हमने जो कदम उठाया है, जो कुछ इन्ट्रोड्यूस किया है, वह हमारे लिये नहीं, देश की आर्थिक स्थिति को ठीक रखने के लिये और विकसित देशों के साथ विकासशील देश आगे बढ़ सकें, इसलिये उठाया है। अपनी प्रगति के लिये लोन लेने से हम किसी से गाइड नहीं होते या हम किसी से पीछे रह जायेंगे, यह सवाल नहीं है। आई० एम्० एफ० लोन में किसी एक की ताकत नहीं कि वह अडचन डाले, अगर अमरीका अडचन डालना चाहता है, तो वह नहीं डाल सकता। हमारे एसट्स और क्रेडिट वर्दीनिस के आधार पर हमें लोन मिल रहा है। इसलिये हम सब को मिल कर इस बिल के बारे में कुछ बातें ऐसी कहनी चाहिये जो कि ओबजेक्शनेबल हों, केवल पुरानी बातें, जो एक दफे कह दीं, कि सबसीडी नहीं देगा, मना कर दिया, इससे कोई लाभ नहीं। फूड, फर्टिलाइजर, इलेक्ट्रिसिटी के मामले में हम आज भी वीकर सैक्शनज को सबसीडी दे रहे हैं और बराबर घोषणा करते जा रहे हैं। सबसीडी देना जरूरी है।

श्री सुनील मैत्रा : वलडें बैंक की रिपोर्ट पढ़िये।

SHRI MOOL CHAND DAGA: We are not going to be carried away by their opinion.

हमने कानून में यह नहीं दिया। वलडें बैंक ने कुछ बात बता दी थीं। हमें जो लेना है वह इसलिए कि हमें विकासशील देश को आगे बढ़ाना है हमारी आर्थिक प्रगति न रुके, हम भी विकासशील देश बन सकें, अन्यथा हम रे पास चारा क्या था इसलिये मैं समझता हूँ कि हमें जो लोन लेने

की आवश्यकता हो रही है, उसके बारे में मैं आपकी इस बात को मानने को तैयार नहीं हूँ।

MR. DEPUTY-SPEAKER: Mr. Daga is supposed to have concluded his speech.

Now we go to the next item.....

SHRI MOOL CHAND DAGA: Tomorrow I will continue.

MR. DEPUTY-SPEAKER: You are supposed to have concluded. Your name is there in the half-an-hour discussion.

I will give you a chance there.

17.30 hrs.

HALF-AN-HOUR DISCUSSION

DROPPING OF DROUGHT PRONE AREAS PROGRAMME IN RAJASTHAN

MR. DEPUTY-SPEAKER: Now, we take up Half-an-Hour Discussion. Shri Virdhi Chander Jain. Please remember this is half-an-hour discussion as also the subject.

श्री वृद्धि चन्द्र जैन (बाड़मेर) : उपाध्यक्ष महोदय, 4 अक्टूबर, 1982 को मेरे प्रश्न का संतोषजनक उत्तर न होने के कारण मैंने यह आधे घंटे की चर्चा उठायी है। रेगिस्तानी क्षेत्रों के लिये यह जीवन-मरण का प्रश्न है और जो जवाब दिया गया है, उससे इस क्षेत्र को गंभीर धक्का पहुंचा है और उन पर बड़ा भारी प्रहार हुआ है।

सूखा संभावित क्षेत्र प्रोग्राम जो रेगिस्तानी क्षेत्र में चलता है, वह बन्द कर दिया गया है। हिन्दुस्तान में अगर सबसे ज्यादा सूखा पड़ता है तो वह रेगिस्तानी क्षेत्र में पड़ता है और अभी भी यह स्थिति है कि रेगिस्तानी क्षेत्र में 5 साल से भयंकर अकाल लगातार पड़ रहा है। इसके स्थायी हल के लिये केन्द्रीय सरकार और राजस्थान सरकार की जिम्मेदारी है और उन सरकारों की भी जिम्मेदारी