

12.23 HRS.

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

MR. SPEAKER: The House will now take up consideration of the motion regarding India's extended arrangement with the International Monetary Fund, to be moved by Shri R. Venkataraman.

Shri R. Venkataraman.

SHRI CHANDRAJIT YADAV (Azamgarh): On a point of order, Sir, before the Finance Minister rises to initiate this debate or discussion, you would remember that when first the Finance Minister made a statement in this regard, on that day we had asked that to facilitate a proper discussion in this House he should produce all the documents relating to this loan and on that day you were kind enough to say that the Finance Minister would place all the papers relating to that in the library, but we are sorry to say that the papers which have been placed in the library are not the entire papers. The most important thing is the conditionality; we wanted to know which are the conditions under which the loan had been agreed to. I would like that before the discussion starts, the Finance Minister makes this House fully aware of the entire conditions and the agreements relating to the conditions of this loan.

MR. SPEAKER: Let us see.

SHRI CHANDRAJIT YADAV: What should we see? He had assured the House on that day, but he has not made available the papers. My objection is that he has not fulfilled the assurance given to the House. Before we participate in the discussion, we should be able to know all this.

MR. SPEAKER: Let us see.

PROF. MADHU DANDAVATE (Rajapur): Should we see the Memorandum? That is your ruling, Sir?

MR. SPEAKER: Let us see what he says.

MR. Venkataraman.

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): I beg to move:

"That this House do consider India's extended arrangement with the International Monetary Fund".

I will first take up the point raised by my Hon. friend about the documents. There is a considerable misconception about the documents in respect of the extended arrangement with the International Monetary Fund. I explained the other day while answering a question that a loan application under this extended facility is made by the Finance Minister of a country with a letter of intent and it is accompanied by a Statement of Economic Policies and Programmes, called the Memorandum. Now, both these documents have been placed in the library. The IMF Staff make their own assessment of the policies and programmes which are set forth in the document of the Government which applies for the loan. This is an internal assessment made by the Staff and submitted to the Executive Board.

SHRI CHANDRAJIT YADAV: You are repeating that.

DR. SUBRAMANIAM SWAMY (Bombay North-East): You are a member of the Board.

SHRI R. VENKATARAMAN:
It is not my document. It is the Staff document. My document is only the Memorandum which I have submitted along with my letter of intent. This document is examined by the Executive Board and I told the other day I cannot place it. It is not my document and, therefore, I cannot place it.

DR. SUBRAMANIAM SWAMY:
Have you seen it yourself ?

SHRI INDRAJIT GUPTA (Basirhat): Have you got it with you ?

SHRI CHANDRAJIT YADAV:
When you have the agreement, why are you not placing that agreement ?

(Interruptions)

SHRI R. VENKATARAMAN:
You don't have to be impatient with me. I will answer all your questions.

(Interruptions)

SHRI SATYASADHAN CHAKRABORTY (Calcutta South): Sir, how can we discuss without the agreed document IMF has given ?

MR. SPEAKER: Have some patience.

SHRI R. VENKATARAMAN:
You hear me first. I said this is a document prepared by the Staff and it is by the Executive Board Staff marked confidential by them and I cannot place it because it has been stamped 'confidential' by them. Even though it is circulated to me. I cannot place it in the library.

DR. SUBRAMANIAM SWAMY:
Have you seen it ?

SHRI INDRAJIT GUPTA: Sir, will you permit me to lay it on the table of the House.

SHRI R. VENKATARAMAN:
Anybody can do it, I have no objection.

SHRI INDRAJIT GUPTA: I am not bound by any understanding with the IMF.

SHRI R. VENKATARAMAN:
You can place it on the Table. I have no objection to anybody placing any document on the Table of the House.

DR. SUBRAMANIAM SWAMY:
Will you authenticate it ?

PROF. MADHU DANDAVATE:
For your information, under Speaker's Direction No. 117, I have given a notice to lay a document on the Table of the House.

SHRI R. VENKATARAMAN:
You are welcome. I don't object to it.

DR. SUBRAMANIAM SWAMY:
Sir, he is not objecting, but he must authenticate it. It is not enough he is not objecting.

MR. SPEAKER: I shall act according to the rules.

SHRI SATISH AGARWAL (Jaipur): Sir, he has no objection.

DR. SUBRAMANIAM SWAMY:
The Finance Minister must also comment whether it is a correct document or not, because he has seen it as Member of the Board.

SHRI SATYASADHAN CHAKRABORTY: Sir, this for your information; already the Finance Minister has stated that this cannot be made public.

SHRI R. VENKATARAMAN:
No, I did not say that. You are all saying things which I did not say.

MR. SPEAKER: Why are you unnecessarily putting words in his mouth? He said: anybody can, but he cannot.

SHRI SATYASADHAN CHAKRABORTY: So, on the basis of what the debate will continue? Suppose, the document is secret and we are not supposed to know the conditions, and if that is the position.....

MR. SPEAKER: You are jumping at conclusions. Why can't you listen to him? He is explaining certain things. You are just jumping to conclusions and you are taking certain things for granted. Why do you take something for granted?

SHRI R. VENKATARAMAN: Sir, we are governed by certain proprieties. I said if this document has come to me marked 'confidential' by the Executive Board, by the Staff I cannot, therefore, make a breach of this confidence and I cannot place it. It is open to anybody to get it or open for anybody to place it. And anybody can use any sentence from it. I have no objection. And there is nothing in this. They are having no case. They are trying to build on some flimsy things like not putting up a document, etc.

After this, I will conclude. I will explain the procedure, because many of you seem to be suffering from an illusion about the IMF procedure. After it is circulated to the members along with this circulation, that is, with the document...another paper is circulated, a paper called the "Text of Extended Arrangement", that is, the terms on which the loan will be sanctioned. That is also in the papers I have placed in the Library. Please refer to it. Therefore, to say that I have not placed anything, or that I held back anything, is not correct. I also make it very clear that whatever the perception of the staff of IMF, and whatever their assessment,

it is not binding on me. What is binding on me is only the letter which I have submitted along with my letter of Intent.

SHRI SATYASADHAN CHAKRABORTY: That is not the correct position.

SHRI R. VENKATARAMAN: That is the correct legal position.

SHRI BIJU PATNAIK (Kendrapara) You have your say; we will have our say.

(Interruptions)

SHRI SOMNATH CHATTERJEE (Jadavpur): All the knowledge is on that side? I do not know whether the Finance Minister claims that type of infallibility.

SHRI R. VENKATARAMAN: Because of various kinds of erroneous, wrong and totally distorted versions that are being floated about, I have to make this very strong statement that what is binding on the Government of India is the Memorandum which they have submitted, and it is not...I repeat not...the assessment.....

SHRI CHANDRAJIT YADAV: It is not correct. The terms should be binding, and not your Memorandum.

SHRI R. VENKATARAMAN: You can argue. And this opinion also is not binding on me.

SHRI CHANDRAJIT YADAV: You are trying to mislead. These terms will be binding, and not your Memorandum. You changed your Memorandum. On their say, you have changed your Memorandum. That is also a fact.

SHRI R. VENKATARAMAN: They are walking into my trap; and

I welcome this. There is another misconception that there is some agreement which is signed between the IMF and the Government of India. No agreement is signed. The letter of sanction is all the binding document. There is no agreement signed. A number of people ask me : "Why don't you place the agreement signed, on the Table of the House ?"

DR. SUBRAMANIAM SWAMY:
It is not a misconception. It is mis-carriage.

SHRI R. VENKATARAMAN:
Don't tell this to me. I will take it from the record and show it to you.

SHRI SUNIL MAITRA (Calcutta South): If there is no agreement, then what for the performance criteria ?

SHRI R. VENKATARAMAN:
I am not going to reply to this. In the Memorandum which we have submitted, we set out the policies and programmes; and the Fund makes an assessment and then it sets two things: one is what is called the performance criteria, and the other is the general policy statements with regard to improving the balance of payments position of the country which seeks this kind of a loan. The performance criteria are those which I have mentioned in my statement of 23rd September, which are two in number. I will come to it later. I will briefly mention it. One relates to the credit ceiling, and the other to foreign borrowing. This I must keep in order to be able to borrow the second instalment; and this I must observe before the 25th of March, 1982. These are the two performance criteria. Then there are a number of policy statements which we had said which will, according to us, go to improve the balance of payment position in our country. There is their perception and their assessment on this there will be further consultation between the International Monetary Fund and the Government of India and further allocation of loan, etc.,

will depend on further consultations which take place after the 25th of March, that is around 25th March, 1982.

So far as documents are concerned there is nothing which we have held back. There was one point raised about a clarification. In my letter of intent dated the 28th September, 1981, I stated in paragraph 5 that Government of India will consult with the International Monetary Fund on all policies, economic policy but will observe only or adopt only such of those policies which are approved by Parliament. This is the statement we made. Here I will read a particular sentence. "Government will consult with the fund on the adoption of any appropriate measures consistent with national policies accepted by our Parliament in accordance with the policy of the fund on such consultation". There are two things. There is a duty on the part of every member of the International Monetary Fund to consult with the monetary fund whether he is a borrower or not; that is Article-IV; and that consultation spreads over the general gamut of economic relationship. We said, in accordance with that policy, we will consult them on all matters relating to the economic policy, related to exchange etc., but while it comes to adopting policies and programmes we will adopt only those which are approved, which are national policies approved by Parliament. Now this sentence to the lawyers, as usual, gave some kind of a confusion and they said, it reads as if the Government of India will consult. Excuse me. In fact, the Chief Justice told me that you made a good choice. It gave an impression to them that we will consult only in respect of those matters in which the policies or programmes which are there which are adopted by Parliament. We said, no, we will consult on all economic policies, but we will adopt only this. This is the clarification and that clarificatory letter also I have given; and it has been placed in the Library.

DR. SUBRAMANIAM SWAMY:
What is the meaning of other consultations ?

SHRI R. VENKATARAMAN:
I thought you knew it at least.

DR. SUBRAMANIAM SWAMY:
Will you hold your academic seminar with them ?

SHRI R. VENKATARAMAN:
I will show you. Article-IV of the article of agreement between member countries and the IMF enjoins on all these countries to have consultations in respect of matters relating to the exchange in the matter relating to the multiply currency arrangement, etc. This is a general consultation. And they look into the economy, the various aspects of the things which go to influence or affect the currency as well as exchange arrangements. Now this is a general thing and this we said, we are willing to do. There is nothing; we are not undertaking anything new; nothing more than this. I will read that para of article-IV, sub-section (3).

"In order to fulfil its functions in (a)". If you want me to read (a) I will read (a) also. Under Article (4), Section (1) the general principle is accepted, the general principle applicable to all Members.

"Recognising the essential purposes of international monetary system, is to provide a framework for facilities, an exchange of goods, services and capital among countries and that sustains a sound growth, and that the principal objective is the continued development of orderly underlying conditions that are necessary for fiscal and economic stability. Each Member undertakes to collaborate with the Fund and other Members to assure orderly exchange arrangements and to promote suitable systems of exchange rates and in particular,....."

Then, Sub-section (3) says: "In order to fulfil its functions in (a)

sub-section (a), the Fund shall exercise firm surveillance over the exchange rate policies of Members and shall adopt specific principles for the guidance of all Members with respect to those policies. Each Member shall provide the Fund with information necessary for such surveillance and when requested by the Fund shall consult with it on the Member's exchange rate policies. The principles adopted by the Fund shall be consistent with co-operation arrangements. All Members maintain the value of their currency in relation to the value of the currency or currencies of other Members as well as with the exchange arrangements of a Member's choice consistent with the purposes of the Fund".

DR. SUBRAMANIAM SWAMY:
It is not a general economic policy, it is only about currency.

SHRI R. VENKATARAMAN:
No. Now, Part-I. It says, merely, "the principal object is continuing development of orderly and underlying conditions that are necessary for financial and economic stability".

No surveillance clause enjoins on them. Therefore, everybody has got and every Member knows that consultations take place with the Fund annually.

DR. SUBRAMANIAM SWAMY:
A good lawyer of a bad case.

SHRI R. VENKATARAMAN: Now, the explanation which I have given in the letter which I have put in the Library is a mere enunciation that as far as economic policies are concerned, the policies and programmes which we purpose to adopt, we will be governed only by Parliament and in respect of the consultations under Article 4, we will consult them. A great deal of noise was made that we have given an explanation by which we have agreed to surrender our eco-

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 nomic sovereignty, and so on. Well, these are all verbiage. But if you actually read the sentence and clauses and the duties of the Members of the Fund, vis-a-vis the Fund, then you will find that there is absolutely no inconsistency about it. That is the first point which I wanted to make. Now, the second question.

PROF. MADHU DANDAVATE:
 Why was this clarification necessary at all ?

AN HON. MEMBER: Why was this necessary ?

SHRI BIJU PATNAIK: If that is the clause you have read, if every Member country is covered by that clause, why was this question raised, that you will have to get it approved by Parliament ? Why was this question raised at all ? When the Fund was created, was this not made clear ?

SHRI R. VENKATARAMAN:
 My sentence, according to the lawyers of the Fund, gave them an impression that my consultation is limited only to those policies adopted by Parliament. I said, 'it is not'. Do you agree with me ?

DR. SUBRAMANIAM SWAMY:
 Now, you will have a seminar every day.

SHRI R. VENKATARAMAN:
 My lawyer friend agrees with me. That is exactly what I said.

SHRI BIJU PATNAIK: Was this not clarified to the Member countries before by their Parliaments ? Was it not made clear ?

SHRI R. VENKATARAMAN:
 Will you please sit down ? I will answer. The letter which I sent—which has been placed in the Library—mentions this in the fifth paragraph. The letter is very clear to me. According to me, my intension was, I

will consult under Article-IV, about the general thing. But I will adopt only those policies which have been approved by Parliament. But their lawyer said that your letter gave the impression that your consultation would be limited only to those policies which had been approved by Parliament. I said: No, it is not so. That is why this clarification. And the clarification is in conformity with the law and with my intention. There is nothing in that.

DR. SUBRAMANIAM SWAMY:
 What is the meaning of such a consultation where Parliament is not paid attention to ? You are not a professor holding seminars.

SHRI R. VENKATARAMAN:
 On all matters they advise a number of things. The Bank's staff is supposed to be experts on various aspects. They consult experts on our side; mutual exchange of ideas goes through. We are talking to them and they are explaining to us. But I will not adopt anything which has not been approved by Parliament. If you say, Mr. Swamy, that I would not talk to experts, then I will be excluding you.

DR. SUBRAMANIAM SWAMY:
 If you exclude me, then you will not get the loan.

SHRI SOMNATH CHATTERJEE: There was no ambiguity in the earlier letter of the hon. Finance Minister. The hon. Finance Minister has himself felt that...

SHRI R. VENKATARAMAN:
 You are going to speak on the debate and I will reply again.

A second point was raised generally as to why I did not consult Parliament before this agreement. In our political system, international agreements are not discussed in Parliament. But that is not my argument. I have another argument. In our case, we had the suspicion that some

country or countries might oppose our loan. And the stand that such countries were likely to take was more or less on the same lines which the opposition is raising, namely, the amount is still too large and it is not necessary for India to take and that the conditions on which we are accepting the loan, are very harsh. These are the criticisms which you generally raise in the House. The objection which a country or countries was or were going to take was that the amount was too large and it need not be given to India and that the conditions were too soft and that loan should not be given to India on these conditions. If we could have had a debate, I would be in a very enviable position of first saying that this large amount is necessary for me for various reasons. But hon. Members would be saying: No, it is not necessary for you. And that country will quote the opinion of the Members of Parliament that it is not necessary.

DR. SUBRAMANIAM SWAMY:
Then abolish Parliament.
(*Interruption*)

SHRI R. VENKATARAMAN:
The second point is that the conditions are very harsh and I will have to defend by saying that the conditions are reasonable. But then it will be quoted by those countries. They will say that the Finance Minister of the country had said that these were soft conditions and, therefore, this loan should not be given.

Do you think a discussion of this kind would have helped us to get the loan? It would not have. Therefore, in our best judgment, we felt a discussion in Parliament before the loan would have ruined our chances.

AN HON. MEMBER: You are on a sticky wicket.

SHRI R. VENKATARAMAN:
I will answer every point. You know from your experience of me

during the last two or three years that I never fail to deal with the points raised. You may or may not agree, that is a different issue, but I will answer all the points.

The next point is that countries like the United Kingdom and Italy discussed it in Parliament. But nobody opposed U.K.'s loan in the Executive Board. They were never put in an embarrassing position of this kind in which I am. Nobody opposed the Italian loan. Both developed and developing countries were in favour of the loan. But I had to face a different situation in which I was put in great embarrassment. So, I want you to think objectively, apart from all political considerations, whether it would have helped our case before the International Monetary Fund.

Some hon. Members have said that this loan is not necessary, we could have had other alternatives or options. Everybody knows that our balance of payments position has been deteriorating. On that there is no dispute.

DR. SUBRAMANIAM SWAMY:
You are running the good work of the Janata Government.

SHRI R. VENKATARAMAN :
You will get it back.

During the Janata Government, in 1978-79, the oil imports came to Rs. 1,677 crores. In 1979-80, because of the hike in oil prices internationally, the oil import cost went up to Rs. 3,146 crores. In 1980-81, because of the second hike, the oil import cost went up to Rs. 5,588 crores. This is the magnitude of the cost of oil alone. This one single item constituted 47 per cent of our total imports. As a result of this increasing cost of oil, our balance of payment position deteriorated. In 1979-80, thanks to the loan which India got from the trust fund and from the IMF of Rs. 800 crores, we were able to make up the

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deficit. But in 1980-81 the balance of payment current account deficit is Rs. 2,655 crores. Our projection for 1981-82 would be Rs. 3,030 crores and in 1982-83 and 1983-84 it will progressively cost us up to Rs. 4,200 crores.

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[Mr. DEPUTY SPEAKER in the Chair]

Our foreign exchange resources on 6th November, 1981 was only Rs. 3,578 crores. If you take the overall deficit, that is, taking into account not only the balance of trade, but the balance of payment and also the loans and the International Development Association aid, if you include everything, we would be roughly having a deficit of Rs. 1,500 crores every year and in two years' time the reserves would have been completely exhausted. With Rs. 3,500 crores of reserves when I go to borrow, I am a borrower; with a reserve of Rs. 700 crores if I go to borrow, I am not a borrower; I am a beggar.

We should understand the magnitude of the problem that the country faces. We went at a time when our reserves were fairly strong, when our earnings have not yet gone down, when our credit in the market is very high, so that we were able to negotiate these—again I quote—“reasonable terms”. If it had been two years later, it would have been like other countries which you are going to cite and which you have cited yourself earlier.

The second alternative which is before me is, without going for the loan to cut down imports. If I cut down imports, I will have to cut at least 50 per cent of the oil to make even the smallest impact because the biggest single item of import is oil and if I cut down 50 per cent of oil, then our transport will come to a standstill because all our buses which are taking about 50 per cent of the total diesel

consumption in India and the agricultural pump sets which consume 14 per cent of the diesel in India will all be very seriously affected. Would you like me to do that? Not only that. If I cut down imports, I will have to cut down on various other raw materials which are now going for the production of many items and keeping up the industry on its wheels. There would be unemployment, closures and every one of these things.

The other alternative which is suggested is that we could have got from the other window of the IMF. There are two other windows from which I could have got. One is called the Reserve tranche. The other would be something like First credit tranche. Even if I borrowed on these two accounts, there is a limitation of how much I can borrow, it is related to my quota, and even if I borrow on these two accounts, I can get only Rs. 788 crores as against my need of such a large amount of Rs. 5,000 crores. Then somebody has suggested: ‘Why not go and borrow at commercial rate, why not do commercial borrowing? Why do you go to IMF?’ We have borrowed recently last year in the Euro-dollar market for our aluminium project at a rate of 16 per cent, the London Inter-Bank Ordinary Rate (LIBOR) ranges from 16 to 18 per cent and if we go and borrow at the rate of 18 per cent, this country will become bankrupt, we are not advising anything which is helpful to the economy. And again I want to ask this question...

SHRI BIJU PATNAIK: You are assuming that we have discussed this before. If you have discussed this before, then we could have given our advice. Now it is all a *post mortem*.

SHRI R. VENKATARAMAN: I am thankful to you. Please answer to those people who are going to raise this.

SHRI BIJU PATNAIK: No, no. My question is completely different.

MR. DEPUTY SPEAKER: You are going to have a discussion for six hours. He is moving the motion. You have ample opportunity to discuss and give suggestions.

SHRI R. VENKATARAMAN: They are very uncomfortable because all the points which they want to raise are being demolished. You will find very little to say afterwards. In fact you will be caught in a debt trap if you went and borrowed at the rate of 18 to 20 per cent.

Now, the point is: Why should I go and borrow in the commercial market at the rate of 18 to 20 per cent when I am entitled to borrow at a lower rate of interest at 10 per cent ?

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DR. SUBRAMANIAM SWAMY: But 50% of it is @ 18%.

SHRI R. VENKATARAMAN: I will give all those figures.

DR. SUBRAMANIAM SWAMY: Half of it is at commercial rates.

SHRI R. VENKATARAMAN: But the average is only 10%. Why do you mislead? I.M.F. is something like a co-operative society in which all the Member States have their quota and it is a thing which is not owned by any particular State.

SHRI BIJU PATNAIK: What about veto ?

SHRI R. VENKATARAMAN: Some people have higher quota like any company. I am a quota holder. A quota holder I am entitled to borrow on this facility 450% of my quota. I have 450% of my quota and my quota is SDR 1717.5 million today. I am entitled to borrow and this is the amount which I can borrow at a lower rate of interest. Half of it that is, about 2400 crores I will borrow @ 6.25%, the other about

2600 crores roughly will be borrowed at commercial rates. The average works out between 9 & 10%. Would this House excuse me if I left this opportunity of borrowing at an average rate of 9% and went and borrowed at 18% in the Euro-dollar market.

I would ask this question. You have to think.

DR. SUBRAMANIAM SWAMY: That one has no condition but this one has condition.

SHRI R. VENKATARAMAN: The other condition is that you will become bankrupt at that rate.

SHRI BIJU PATNAIK: (*Interruptions*) You are bankrupt now.

DR. SUBRAMANIAM SWAMY: During Janata rule we did not need such loans.

SHRI R. VENKATARAMAN: I know you would not have been able to put through a loan of this kind. Why do you flatter yourself? One more point I would like to say.

SHRI BIJU PATNAIK: When will you finish ?

SHRI R. VENKATARAMAN: I will take half an hour more.

SHRI BIJU PATNAIK: For introduction !

SHRI R. VENKATARAMAN: Why not? It is very important thing. It is left to me.

DR. SUBRAMANIAM SWAMY: Will there be no lunch hour ?

MR. DEPUTY-SPEAKER: No. I think you are not a Member of the Business Advisory Committee.

SHRI BIJU PATNAIK: Six hours according to you is equal to one hour.

SHRI R. VENKATARAMAN: I will take as much time as I like.

SHRI BIJU PATNAIK: You can extend it to any time.

SHRI R. VENKATARAMAN: You extend it upto 12-00 mid-night. I will be willing to sit and answer.

AN HON. MEMBER: Early morning.

SHRI R. VENKATARAMAN: We have done it before and if you will do it, I have no objection.

SHRI BIJU PATNAIK: You have to give dinner.

THE MINISTER OF PARLIAMENTARY AFFAIRS & WORKS & HOUSING (SHRI BHISHMA NARAIN SINGH): Yes, I will give. I am prepared to give.

SHRI BIJU PATNAIK: Internal dinner or external dinner.

SHRI R. VENKATARAMAN: It will be a dinner without any charge from you.

The extended facility under which we are borrowing is again one which the developing countries have fought for and obtained. It is not a small thing which has been given by anybody. My esteemed friend Chavan in 1974 speaking in the IMF said—

DR. SUBRAMANIAM SWAMY: Which Chavan ?

SHRI R. VENKATARAMAN: Shri Yeshwantrao Chavan, who was the Finance Minister of India and who represented us very ably then. In I.M.F. he stated:

“That the developing countries will not rest content until we are able to establish an extended facility for the benefit of those countries which

have been affected by the rise in the price of oil”.

After a great deal of tussle, this facility was established and India took a leading part in it. Now you say you do not take advantage of this and go and borrow @ 20% elsewhere. (*Interruptions*). Perhaps, I am hearing it for the first time.

Now I will come to the point called conditionality. As I said in the beginning, there were two performance criteria. The one is that by the 26th of March, 1982, the net credit to Government, which was on March 27, 1981 at Rs. 25,806 crores should not exceed Rs. 30,981 crores. This is the first condition. The other condition relating to the liquidity is that the domestic credit which was on March 27, 1981 Rs. 62,126 crores should not exceed Rs. 74,181 crores as on March 26, 1982 :

SHRI SATISH AGARWAL: Why it is 74,181 and not even 74,180 ? Why not in round figures ?

SHRI R. VENKATARAMAN: This is calculated as a percentage. That is why, it comes like that. Sir, immediately I can assure the hon. Members that with my buoyancy in revenue and with the prospects, of an excellent bearer bond response I will be well below the limit set by them. In fact, it is no condition at all, so far as I am concerned now. Because my revenue has shown a buoyancy and I am going to get a lot of money from the bonds which I have issued. And, therefore, it is no condition at all.

The second condition which I have said is that India should not borrow from outside market more than Rs. 1,400 crores on one-two-twelve year term loans. (*Interruptions*) I am saying in rupees. I am mentioning in rupees because, you know,

there are three items coming, one is SDR, the other is Dollar and the third one is rupee. One SDR is equal to \$1.2. It goes on changing from \$ 1.5 to \$ 1.2 and like that. Therefore, I thought it was better to confine ourselves to the rupees. In the earlier case also. I gave in rupees. 1.4 billion SDR is the actual term. When they are converted in rupees, it is roughly 1400 crores.

Now, on this ceiling, people say, it is a great condition by which we have surrendered the right to borrow from the World Market. Sir, I want to explain that. So far as this money of Rs. 1,400 crores is concerned, it does not apply—to IDA loan which is given to us. That is, the aids for loans which are coming to us. Secondly, it does not apply to loans which we may negotiate for more than 12 years. Thirdly, it does not apply—I repeat, it does not apply—to bilateral payment arrangements with socialist countries. Here, I want to make it clear because some very seemingly erudite people have put forth a document or book in in which they had said that this will affect the bilateral payments with the Soviet Union.

SHRI K.P. UNNIKRISHNAN (Badagara): Your own interview with Kuldip Nayyar says this. Your interview with Kuldip Nayyar in the *Business Standard*, which appeared a few days ago, says this. You please tell us.

SHRI R. VENKATARAMAN: I do not know. I am only dealing with the document and it says:

“During the period over which the loan is despatched, India would have no right to enter into bilateral trade agreement whether with the Soviet Union or Romania, Yugoslavia, Iraq or Iran or Kuwait, Nepal or Bangladesh without prior clearance with the Fund...This is the statement—Sd/- Ashok Mitra.

This does not affect the bilateral relations with the socialist countries because the Agreement contains article 8 and, under article 8, all this bilateral arrangement relating to exchange, etc., applies only to member countries and it has nothing to do with non-member countries. Article VIII has not been accepted by all members. India has also not accepted Article-VIII.

Under Article XIV of the Agreement between IMF and members, the transitional arrangements allow a country not to agree to these bilateral arrangements between members in respect of currency, exchange, etc., We have actually not entered into that arrangement. In the Annual Report for 1981 which the IMF issued on April 13, 1981, at Page 130, you will find a list of countries marked like this—members that have accepted the obligations under Article-VIII. They are alphabetically listed. Honduras is there. Then there is no India, Indonesia or anything of the kind. Thereafter, it is Ireland. Not only that.

There is, as I said, an annual consultation under Article-IV and the annual consultation report is issued to each country. In the consultation reported issue on June, 24, 1980, by the IMF the following passage occurs:

“The only bilateral payments agreement still in force with the Fund member is arranged through Rumania. Bilateral payments agreements are also maintained with the following non-member countries:—

The USSR, the German Democratic Republic, Poland, Czechoslovakia.....”

This is a document issued by the IMF. I suppose, the people who have some pretention to knowledge must have read some of these things (*Interruption*) After all I have a right to be heard. How can I go

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on hearing only all the things that they are saying?

SHRI BIJU PATNAIK: If you had explained before, we would not have heard all this.

SHRI R. VENKATARAMAN: All these objections appear to be completely irrelevant when you find the very socialist countries applying for membership of IMF. China has become a member, with the champion Mr. Subramaniam Swamy supporting and he is arguing very vehemently that China should partake in IDA and that their *per capita* income is lower than that of India. Is that not so? Poland has applied for membership; Hungary has applied for membership. Now, I cannot understand what this objection can be. Are they becoming members for not borrowing? Are we capitalist rich countries so that we merely go and pay our quota and keep quiet without borrowing from them? Why do you become a member of the Cooperative Society here if you do not want to borrow from it? This is a clear proof that all these objections have no validity what so ever.

Now, I will come to the next point. One of the things which they have said is...

SHRI BIJU PATNAIK: Who said it?

SHRI R. VENKATARAMAN: You have to bear with me. You have been raising it here times with: out number. I stated that there is no question of devaluation.

Dr. SUBRAMANIAM SWAMY: Only re-adjustment of exchange rates.

SHRI R. VENKATARAMAN: It will educate you.

This is the language that has been used in the document which I have.

It has been agreed before.....
(Interruptions)

You do not attend the House. Therefore, you do not know what the procedures are. 'Realistic exchange rates' that is what we said.

So far as we are concerned, our currency is linked to a basket of 5 or 6 countries with which countries we have trade and, therefore, there is no question of any devaluation. Devaluation implies reducing the value of your currency in relation to one currency. Here there is no such thing. I will give the figures.

During the period 1st January, 81, to 17th Nov., 1981—This is in relation to the *inter-se* relations between dollar and other important currencies—so far as Indian rupee is concerned, the rupee has appreciated over the sterling by 8.02%.

Then it has appreciated over the Franc by 7.59%.

So far as the Deutsche Mark is concerned, it is only 1.8 that is maintaining, more or less, parity. Only against the Dollar, it has gone down.

SHRI SATISH AGARWAL: How much?

SHRI R. VENKATARAMAN: 13.68%.

Now, if you compare Dollar with other European currencies, then, you know what the position is.

The Pound in relation to the Dollar has depreciated 25%.

Dr. SUBRAMANIAM SWAMY:
That is deemed economy.

SHRI R. VENKATARAMAN:
The Deutsche Mark has depreciated to the tune of 14.16%.

The French Franc has depreciated by 24.66%.

The Japanese Yen has depreciated by 11.24%.

Therefore, to say that the Indian currency has depreciated is an exhibition of complete ignorance of the exchange rate system prevailing over the years.

(Interruptions)

Then I come to the last point with regard to the economic policies. There are some people who will not be educated. There are some people who cannot be educated. I am one of those who shall not educate anybody.

PROF. SATYASADHAN CHAKRABORTY: There are some people who were educated long ago.

DR. SUBRAMANIAM SWAMY: There are some people who have forgotten their education.

SHRI R. VENKATARAMAN: Let us have some fun.

DR. SUBRAMANIAM SWAMY: I am saying that there are some people who have forgotten their education.

SHRI R. VENKATARAMAN: Is it autobiographical?

There are a number of points. They say 'you have surrendered'. This I will deal with, in my reply to the debate.

In the policy statement which I have submitted to the IMF, this is what we have stated in paragraph 4:

"Balance of payments adjustment will be achieved through a range of measures which are being implemented and will be continued during the programme period. There is considerable scope to replace large imports of items where India is efficient producer and to increase self-reliance in energy especially in the exploration for oil, for development of hydro-carbons".

In that paragraph we go on to Say:

"The Government of India also accords high priority to the objective of achieving a dynamic export performance".

All the policies which the Government of India propose to follow are summarised in Paragraph-4. The other Paragraphs are only an elaboration of the points. It is easy to pick out one sentence from here and one sentence from there and say, "You have said that you will liberalise imports". Liberalisation of imports is related to our expanding production, our expanding exports, and should not be de-linked from the context and read. The whole policy statement has been put in Paragraph-4, and that epitomizes our approach to the question. I will deal with that and I will give also the chapter and verse of the plan which the Janata prepared and what you stated in respect of each one of those items and what we have stated in the Sixth Plan document ourselves.

Therefore, I wish to say that all this criticism is totally unwarranted and I would say that the motion be taken into consideration.

MR. DEPUTY SPEAKER: Motion moved.

"That this House do consider India's extended arrangement with the International Monetary Fund".

There are Substitute Motions given notice of.

PROF. MADHU DANDAVATE
(Rajapur): Sir, I beg to move:

"That for the original motion, the following be substituted, namely:—

This House, having considered India's extended arrangement with the International Monetary Fund, expresses its disapproval of the conditions imposed by the IMF which constitute an infringement on India's independence to pursue her own economic policies rooted in the needs and interests of the common man" (1)

SHRI RAMAVATAR SHASTRI
(Patna): Sir, I beg to move:

"That for the original motion, the following be substituted, namely:—

This House, having considered India's extended arrangement with the International Monetary Fund, is of the opinion that the acceptance of conditions imposed by the IMF amounts to mortgaging the economic independence of the country and to surrender country's sovereignty, independent economic development and self-reliance and thus disapproves the said conditions". (2)

SMT. GEETA MUKHERJEE
(Panskura): Sir, I beg to move:

"That for the original motion, the following be substituted, namely:—

This House, having considered India's extended arrangement with the International Monetary Fund, expresses its grave concern and strong disapproval at the way the 5 million Dollar SDR loan is being taken by the Government of India and the conditionalities attached to it by the IMF which cuts at the very root of India's economic independence, throws India's door wide open to the rapacity of multinationals, gives IMF virtual powers to dictate economic policies detri-

mental to the toiling masses of India, foists anti-democratic political measures on our country and is detrimental to our national sovereignty and honour and recommends that it be scrapped forthwith". (3)

SHRI INDRAJIT GUPTA
(Basirhat): Sir, I beg to move:

"That for the original motion, the following be substituted, namely:—

This House, having considered India's extended arrangement with the International Monetary Fund, if of the opinion that the terms and conditions, on which Government of India have concluded an extended arrangement with the IMF are detrimental to India's economic sovereignty and to the policies of planned economic development for a self-reliant economy, and should therefore, be rejected". (4)

SHRI A.K. ROY (Dhanbad): Sir,
I beg to move:

"That for the original motion, the following be substituted; namely:—

This House, having considered India's extended arrangement with the International Monetary Fund, if of the view that it seriously affects and infringes the economic independence of the country and firmly recommends that:—

- (a) offer of the I.M.F. should be rejected;
- (b) path of self-reliance should be reaffirmed; and
- (c) probe should be started by a Committee of Members of Parliament against the forces subverting the country's economic independence by inviting conditional aid of the I.M.F.". (6)

SHRI CHITTA BASU (Barasat):
Sir, I beg to move:

"That for the original motion, the following be substituted, namely:—

This House, having considered India's extended arrangement with the International Monetary Fund, expresses its deep concern that it amounts to:—

- (a) sharp departure from the nationally accepted policy of self-reliant and independent economic growth;
- (b) a deflection from the well-defined contours of the plan-strategy; and
- (c) virtual surrender of our economic sovereignty

and therefore calls upon the Government to reject the terms and conditions of the arrangement". (8)

SHRI SATYANARAYAN JATIYA (Ujjain): Sir, I beg to move:

"That for the original motion, the following be substituted, namely:—

This House, having considered India's extended arrangement with the International Monetary Fund, is of the opinion that it will bring the country to the state of economic bankruptcy and recommends review of this arrangement with a view to reconsidering the acceptance of loan". (10)

MR. DEPUTY SPEAKER: Prof. Madhu Dandavate will initiate the discussion.

PROF. MADHU DANDAVATE (Rajapur): Mr. Deputy-Speaker, Sir, after the Hon. Finance Minister has moved the motion for consideration of the House, I formally move my substitute motion which reads thus:

"This House, having considered India's extended arrangement with the International Monetary Fund, expresses its disapproval of the conditions imposed by the IMF which constitute an infringement on India's independence to pursue her own economic policies rooted in the needs and interests of the common man".

This is a subject on which the debate that has begun will not remain restricted only to this House; I am sure there is bound to be a national debate because the loan that is sought by the Government of India from the IMF.....(Interruptions) What does the Hon. Member want to say ?

As far as these issues are concerned, I am surprised to find that our Hon. Finance Minister, while making his preliminary observations, took so much pride over the fact that the Government of India has been able to have such a big borrowing. I hardly come across any person who takes pride over the fact that he had been able to borrow a lot and again claim that that is a reflection of his credibility because he is able to have such large borrowings. That seems to be the argument. I will take cognizance of that argument at a later stage, but at the very outset I would like to point out to the House that, as far as the IMF loan is concerned, there are four important aspects of which this House must take cognizance.

The first important aspect is the big quantum of the loan. The second aspect is the financial situation that has actually led the Government to have such a large borrowing from the IMF. The third important aspect is the conditions that have been imposed by the IMF which really constitute a flagrant infringement on the independence of India in formulating her own independent economic policies rooted in our own needs and the interests of the common people. The last important aspect is whether there

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could have been some alternative to having such a big loan from the IMF under humiliating conditions. These are the four aspects that we have to study in detail and in depth. If this problem is to be discussed in detail, there are two sets of documents which ought to have been placed on the Table of the House. One set of documents would consist of the letter sent by the Finance Minister on 20th Sept., 1981, the economic policy statement and what he considers as the statement of the terms and secondly also the memorandum prepared by the IMF. If all these comprehensive documents were made available to the Parliament or at least kept in the Parliament Library for the perusal of the Members, it would have been possible for us to study this problem in depth. But because our Government failed in its responsibility, and duty, we the vigilant members of the Parliament cannot fail in our duty. I am very happy to find that the Washington based correspondent of *The Hindu* with his ingenuity was able to discover and actually expose the conditions that were imposed by IMF in giving this loan to India. At the same time, the West Bengal Government has also come out with a publication. Under Speaker's Direction 117 as required by the procedure, I have already given a notice in the morning before 10.00 O'clock, with a copy of the IMF memorandum seeking the permission of the Speaker to allow me to lay the document on the Table of the House. The Rules of Procedure demand that the Speaker has to scrutinise the memorandum or the document submitted for tabling and when he grants the permission formally, the document can be laid on the Table of the House. Fully conscious of this procedure, I have already given a notice under Speaker's Direction 117. Before, I would like to know from the Deputy Speaker as to what is the fate of my notice and whether permission has been

granted to lay it on the Table of the House.....

SHRI R. VENKATARAMAN: I have no objection.

MR. DEPUTY SPEAKER: Prof. you can lay it on the Table of the House. It is under examination of the Speaker.

PROF. MADHU DANDAVATE: I have already given an advance copy. I think it is taken for granted that the document is laid on the Table of the House if permission is granted by the Speaker.

[Placed in Library. See No. LT-2987/81].

As far as the quantum of the loan is concerned, as rightly stated, this is the biggest loan that India has been able to borrow from the IMF.

SHRI R. VENKATARAMAN: Any country.

PROF. MADHU DANDAVATE: This is the biggest loan that we have been able to borrow. The total quantum is 5 billion SDRs and this loan is not being made available to India in one instalment. It will be made available to the country in three phases. In the first year 900 million SDRs, in the second phase—1800 million SDRs. That is the way it is going to be split in three instalments. In the meantime what happens? It is very specifically stated that as far as the International Monetary Fund is concerned, the authorities will have an exercise of supervising the performance of Indian economy. The Inspector General of IMF will try to find out what is the progress of the economy in the country, whether the amount of loan that has been given in the form of first instalment has been properly utilised, whether the conditions that have been directly or indirectly suggested have been effectively implemented, whether in the coming two phases the Government is likely to move in a direction in which the conditions

imposed by the International Monetary Fund are going to be implemented, etc. They will take cognisance and if they feel that the conditions are not properly fulfilled, they have the full freedom to cancel the rest of the instalments. Not only that, let us be aware of the fact that we are taking this big loan, not only they have the freedom to cancel the rest of the instalments but they will have the freedom to impose further conditions from time to time if they feel that for the fulfilment of the earlier conditions, impositions of further conditions is necessary, in that case even that particular exercise will be resorted to.

Sir, as far as IMF is concerned, in relation to this borrowing, they have introduced a very interesting condition. They want to see that their monopoly is retained and therefore, they have tried to remit the option of commercial borrowing by India thereby assuring the position of monopoly lender for the IMF. He asked a question during his initial observations 'Would you like India to go in for commercial borrowing from different countries at an enormously high rate ?'

Sir, the simple law in Economics or any other Science is that it is only the like entities that are to be compared, as Dr. Swamy, rightly intervened and pointed out that one set of norms for borrowings involved certain conditions interfering with our internal economics. In the case of some other commercial borrowings, a superficial rate of interest might be of a higher type. But, at the same time, if any strings are attached to that borrowing, it may happen that even the commercial borrowing with a higher rate would sometime be preferable to IMF's loan at a lower rate under certain conditions which are detrimental to the development of the economy of the country. The thrust we want on our economy will actually suffer. This particular aspect has to be taken note of.

Sir, we are the loudest in professing the idea of self-reliance. We are the loudest in proclaiming to the world that we are the largest borrower. There is a contradiction between the two. The contradiction is too obvious. We talk of self-reliance and at the same time, we talk of private interests' borrowings from the IMF at humiliating terms.

To-day, let us try to find out what is the position of external debts. The external debts to-day are of the order of Rs. 15,000 crores before taking into account the IMF loan. Rs. 15,000 crores is the external debt that India owes to other countries. What is going to be the addition after the IMF loan ? It would be one-third and, if you take up the percentage as a result of the additional loan, that we will be taking, then, our external debt will go up from 11% to 15%. In spite of that, we are talking in terms of self-reliance. This is the paradox. We have to take note of that. Which was the situation that led to IMF borrowing ? The Hon. Finance Minister has made certain observations. He pointed out that there are certain balance of payment difficulties. The figure of import of oil bill at one stage was Rs. 3,000 crores. With the two hikes that have taken place, it would have gone to Rs. 5,000 and odd crores. No doubt difficulties are correct. In some of the questions that we asked, the replies had been given. Let us try to find out what are the various components that have led to the balance of payment difficulty. He already pointed out that 47% of the component is due to the hike that has taken place into case of imported oil.

Only yesterday, I asked an Unstarred Question in this very House. What was the question ? It was unstarred question No. 1477. The question was:

- (a) "Whether India will save approximately Rs. 1,000 crores on imports of oil and petroleum

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products in 1982 as a result of the new price formula announced by the OPEC and reduction in imports because of increased domestic production; and

- (b) if so, to what extent the inflation will be reduced due to reduction in component of inflation due to prices of imported oil and petroleum products?"

I have the reply here. I shall read only one portion of that reply.

"It is difficult to quantify at this stage the foreign exchange outcome in 1982-83 on account of such imports".

So, whenever calculations are very convenient—they strengthen the viewpoint of the Government—the calculations are available even on the spot. The Finance Ministers carry the calculators in their pockets and if the convenient replies are to be given, the calculations are always available. But this is an obvious question which has been asked. We also know the reply but we wanted to get the confirmation from the Finance Minister. But they say it is extremely difficult to quantify. Therefore, I feel that while posing before the country the difficulties in the balance of payment position they are trying to magnify the entire problem and I would like to introduce one more argument and, I hope, the Finance Minister will try to meet the argument in his reply.

Sir, I tried to find out what are the various components of the imports in the country—how much of oil, how much of fertilisers, how much of chemicals and how much of metals. There I find and that seems to be the experience of a number of economists who come forward with significant contributions that as far as our import bill is concerned a substantial portion of the import bill is due to fertilisers, chemicals and metals and

not due to oil. So, these components have contributed to a greater import bill which has created balance of payment difficulties. Are there no alternatives by which we can tone down the import bill? It is possible by encouraging indigenous technology, by allowing the local resources to be utilised for fertilisers and also certain chemicals it might be possible to substantially reduce the import bill on fertilisers, chemicals and also on other metals which are related to such imports. That is one aspect which has to be taken note of. I am sure if such alternatives are tackled it would have been possible for us to see that the balance of payment difficulty which has become so aggravated probably, it would have been possible to see that those difficulties are toned down to some extent.

Sir, as far as conditions are concerned our Hon. Finance Minister has come forward with a categorical statement that we are bound only by the statement that we have sent to the IMF. He has addressed a letter dated 20th September, 1981. Along with that letter he has also sent the economic policy statement of the Government and he has also sent certain terms which are the basis of the extended arrangements that are being entered into and he contends that it is on the basis of our thinking that the loan is being given and probably he may argue that if in the IMF memorandum certain conditions had appeared they are reflections of the conditions that we ourselves have imposed on ourselves.

Now, it is a strange argument. Can our own Government impose on ourselves and suggest to the IMF authorities certain conditions which humiliating to our country and if we find certain conditions which are appearing in the IMF memorandum are almost identical which have appeared in the memorandum prepared by the Government of India probably it is a wonderful manipulation in the field of economics knowing fully well

that if we are going to surrender some rights and if we are able to take soft attitude to the private sector, if we are able to take soft attitude towards multi-nationals and liberalise the import policy, in that case we are likely to get greater borrowing and with that perspective and telescopic vision of the Finance Minister then it is like this. If the teacher hits a student with a cane, the student can argue that it is not at all the teacher who has beaten him with cane but the student who rushed to the Chair of the teacher and had hit the cane hard. That is, he himself anticipates what is going to be the perspective of the IMF—what liberalisation they want; what concessions they want, what type of changed pattern of taxes they want and on that basis make certain proposals and claim before the House that after all IMF had set something which is our own perspective. If that is our perspective that is equally a matter of great degradation because certain conditions which we have accepted have themselves run counter to the entire thrust of the economic policy of the Government of India to which Government is committed by various Resolutions and decisions of the Sovereign Parliament.

What are the conditions? One of the most dangerous conditions is this. I need not stress all of them. The emphasis is on more investment to strengthen the private sector. I do concede that we have not got full fledged socio-economic structure in the country and therefore there is going to be private sector, there is going to be a cooperative sector, there is going to be public sector. But, is it not a fact that it is this Government which has been consistently saying in the Parliament that we consider the public sector as commanding heights of the economy? Is the approach of the Government in regard to this loan an expression of the attitude that the public sector in our country will be the commanding heights of the economy, and therefore, whenever the question of investment comes in, we

will have more investment in the public sector and whatever surpluses are mopped up, we can again plough them back for the expansion of the public sector; and part of the surpluses can be utilised for the development of the welfare activities in the country. That is the social welfare perspective of the entire public sector in our country. That is also the concept of a public sector in a welfare state. But is that particular perspective exhibited here? No. The condition is that more investment will have to be made in the private sector. Secondly, there is a demand for liberalisation of procedures relating to foreign collaboration and royalty payments. But our Hon. Finance Minister holds the view that this is not a condition being imposed by the IMF but that we ourselves want these procedures to be liberalised, we want to see that foreign collaboration is strengthened and so on. Now, if I have understood the Hon. Finance Minister correctly, there have been number of occasions where it has been said that we do not want to give undue encouragement to foreign collaboration but here we find an entire shift in the original policy of the Government. The export orientation that is sought to be given for getting this loan is an entire reversal of the Government's attitude to development and production adopted so far. The basic attitude of the Government so far has been that they would like the investment in those productive channels where the production will be more attractive and it will be the domestic market whose needs will have to be served. But here a new identification of a new policy is there. They want such export-oriented policy; more investments are to be made in new industries which industries the Government would like to pick up, not those which cater to the needs of the mass consumption of our population. But they would like to manufacture those commodities which are needed for those affluent sections and production will not be basically for those who live below the poverty line but the production will be directed to

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those who live above the line of affluence. That is the new thrust that is sought to be given and if this is not surrender, I don't know what exactly surrender is.

An upward revision of the price structure in the industrial and agricultural field is also hinted at in the Memorandum submitted to the IMF. We know the present situation in which we are having a spiralling of prices; there are inflationary pressures; a parallel black money economy is functioning in the country, every day exerting new additional pressures, inflationary pressures on the economy. In such a situation that is at present prevailing in our country the attitude of the Government towards the price structure is something which is very dangerous for the country.

Then what about subsidies? If you want the interest of the common man, if you want the interest of the agriculturist, if you want the interest of the consumer, in that case, subsidies in our economy is absolutely inevitable. It is necessary. But the entire emphasis here is that subsidies have to be cut down. So far as our agriculturists are concerned on the one hand they are not getting remunerative prices. On the other hand in regard to the spectrum of the inputs which they require for agricultural activities, they find that day after day the prices of inputs are going up; they are not getting any remunerative price for their produce; under such circumstances subsidy is a must. But the Government's attitude now is that such subsidy must be cut down. This is a basic reversal of the policy pursued so far. Is it not eating into the vitals of the requirements of the agriculturists and the common people living below the poverty line?

Now, let us take the fiscal policy of the Government. The fiscal policy is oriented in terms of shift from direct to indirect taxes. It is a well known fact and it is almost axiomatic that as far as the distinction between direct

and indirect taxes is concerned the entire burden is divided between the common man and those in the affluent sections. The entire shift is sought to be made from the direct taxes into indirect taxes. This has again been put indirectly as one of the conditions for the big loan.

Then the question of devaluation, I quite realise that the Finance Minister has made a statement in this House that the question of devaluation does not arise. While making his preliminary observations on this Motion, he reiterated his promise to this House that we are not going in for devaluation. The External Affairs Minister in a statement from abroad also said that the question of devaluation of currency does not arise. There are many ways in which devaluation is interpreted. What is it that the conditions say? It says about the pursuit of the realistic policy, regarding exchange rates—regarding realistic policy regarding the adjustment of exchange rates. What is the realistic policy of adjustment of exchange rates? In effect, it will always result into *de facto* devaluation, if not *de jure* devaluation and at a later stage it is bound to come. It might be true that for some time to come frightened by the public opinion Government might not go into the doors of devaluation. As rightly someone pointed out, it might not come in the direct form in which it came in 1966. The *de facto* devaluation may take place and that again will be another blow to the economy of the country.

Sir, they seek a ceiling on non-concessional foreign loans. This is again a new dimension which is introduced into the entire economic thinking. He talked about the bilateral payment agreement. Now, our friends from West Bengal were very much disturbed that this actually prevent the interests of Soviet world. That is a very harsh way in depicting the entire thing and inducing politics into the simple economic problem.

That is the condition that the IMF is introducing, not out of its perspective that India should not be dependent of any Socialist countries but they are more interested in serving their own interests and therefore bar on bilateral payment agreement is also there. These are the terms that have been raised in the Memorandum prepared by the IMF. He has been saying that Memorandum is not placed on the Table of the House because it is a confidential document. I must point out to you that when he quoted one document here prepared by the West Bengal Government, in fact I wanted to get up to raise a point. Under Rule 369, I can always demand that, if any Hon. Member quotes any document in the House, any Hon. Member can demand that that document should be laid on the Table of the House. I have submitted another document for laying it on the Table of the House. Now, I am making another demand that the document which the Hon. Minister has quoted should also be laid on the Table of the House. I do not know whether you will immediately give your ruling, Mr. Deputy Speaker. He will always keep everything in suspense.

SHRI R. VENKATARAMAN: I do not want to make the Table of this House a dumping ground.

PROF. MADHU DANDAVATE: Of Course, many Hon. Members also dump here.

MR. DEPUTY-SPEAKER: The book is in everybody's possession.

PROF. MADHU DANDAVATE: The book might be in your and my shelf at home. But if it is laid on the Table of the House, that will become the part and parcel of the record of the Parliament. We are interested in that. We are not so stupid in demanding for laying it on the Table of this House for a simple reason. Though we are in possession of the document, we want it to become part

and parcel of our Parliamentary records so that in the posterity when we try to analyse the past—some time after it is bound to be a past Government—they will be able to visualise the correct performance of this Government.

MR. DEPUTY SPEAKER: As in your case... ?

PROF. MADHU DANDAVATE: Always man gets the knowledge from the past experience and I am really getting it from my experience.

SHRI BIJU PATNAIK: You also had it. There is nothing new.

PROF. MADHU DANDAVATE: The next point I would like to touch is this. What would have been the alternative to such big borrowing from the IMF ? As far as imports are concerned, there are two types of imports. There are regular imports and there are contingent imports. For instance, if the situation is bad, we are required to import wheat. Though sugar production is good, yet for reasons best known to them, they have been importing it; similar is the case in respect of oil-seeds. I consider all these imports as contingent imports, and what are the contingent loans for this purpose ? Roughly, they are of the order of 2,000 crores of rupees. I am sure that by using domestic capacity properly, by rationalising the capacity, by streamlining our machinery, it would be possible to save at least 1500 crores of foreign exchange and there could have been some relief in our balance of payment position.

Some economists have tried to work out what exactly would be the impact if we were able to economise in certain directions, and they have come to the conclusion that by a mere 10% cut in the consumption of petro products, we would be able to save a foreign exchange of the order of 1000 crores

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of rupees. If 10% cut is there in petro products, it would be possible to save Rs. 1,000 crores of foreign exchange.

There is one more aspect to which I have made a reference earlier and that falls under the category of finding alternative ways. As far as the import bill is concerned, a substantial component of that is in regard to fertilisers as also metals and chemicals. As I said earlier, if we are able to use local resources properly, and build up the indigenous technology, we would be able to save much. If in this land of Gandhiji we are not able to use all our local resources and build up indigenous technology, in that case it is futile to take the name of Mahatma Gandhi. Probably when you move from one Gandhi to another, you also move from one type of economy to another type of economy and that is exactly what is reflected in your policy.

As far as the entire IMF package is concerned, it is designed with a particular perspective. What will be the net result if all these conditions are accepted? As far as the import concessions, import liberalisation, export-oriented policies and all the conditions that are being sought to be introduced, are concerned, if all these conditions are not only accepted, but are also implemented, the entire thrust of our economy will be completely changed. The public sector gets a secondary position, expansion of private sector and strengthening of private sector, the multinationals becomes the primary consideration. In that case what is likely to be the future of this country. If all these conditions are effectively implemented, in that case the entire distribution of incomes and assets will be in such a direction that we will be having more inequality in the country; we will not be moving towards an egalitarian society, but to a direction where inequality will be accentuated. And that completely contradicts all the policy statements made by this Government on the floor

of this Parliament. If such a policy is pursued, which will be the class that will be the loser? It will be the workers in the field of agriculture and industry, small entrepreneurs, cottage industries and such other people. These will be the sections that will be suffering and the result of that will be that we will not be moving in the direction in which we are expected to move, in which we proclaim we will move, and, therefore, the very basic economic policies laid down in this Parliament will be totally disrupted and destroyed. That is the reason why I am totally opposed to the conditions that have been imposed by the IMF, and, therefore, I will conclude by once again moving my motion and commending it to the House for unanimous acceptance:

“This House, having considered India's extended arrangement with the International Monetary Fund expresses its disapproval of the conditions imposed by the IMF which constitute an infringement on India's independence to pursue her own economic policies rooted in the needs and interests of the common man”.

श्री मोहन लाल सुखाड़िया (उदयपुर) :

उपाध्यक्ष महोदय, वित्त मंत्री जी के भाषण के बाद हम यह सोचते थे कि स्थिति बहुत स्पष्ट हो गई है और जो भ्रम फैलाने की कोशिश की जा रही है, उस की आवश्यकता नहीं होगी लेकिन अभी मैं प्रो० दंडवते जी का भाषण सुन रहा था, तो मुझे ऐसा लगा कि जो बातें स्पष्ट की गईं, उनको फिर भ्रम में डालने की कोशिश की गई है।

उपाध्यक्ष महोदय, सबसे पहले तो मैं समझता हूँ कि माननीय सदस्य इस बात को जानते हैं कि छठी पंचवर्षीय योजना तैयार की गई, वह छठी पंचवर्षीय योजना भारत सरकार ने तैयार की और उसके बाद नेशनल डेवलपमेंट कौंसिल के अन्दर उस

छठी पंचवर्षीय योजना को स्वीकार किया गया है। जो भी मेमोरेण्डम, लेटर आफ इंटेंट आई० एम० एफ० के पास भेजे गये हैं, अगर वे यह प्वाइन्ट घाउट कर सकते कि छठी पंचवर्षीय योजना के अन्दर जो आन्जेक्टिब्ज, जो स्ट्रैटेजीज, जो प्रोग्राम हम ने बीकर संकशन्स के लिए या और क्षेत्रों के लिए तय किये हैं, उनमें आई० एम० एफ० के लोन की वजह से कोई परिवर्तन करने की बात हमने स्वीकार की है, तब तो यह समझा जाता कि हमने जो योजना तय की है, जो हमारे आन्जेक्टिब्ज हैं, उनमें आई० एम० एफ० के कहने की वजह से हमने परिवर्तन किये हैं। वे डिक्रैडिट्स यहां पर लाइब्रेरी के अन्दर प्रस्तुत किये गये हैं। उन की एक-एक लाइन को पढ़ने से यह स्पष्ट होगा कि उस छठी पंचवर्षीय योजना के डिक्रैडिट के जो सिद्धान्त हैं, उनमें कोई परिवर्तन नहीं किये गये हैं।

मैं यह भी निवेदन करूँ कि प्राइवेट सैक्टर को तरजीह देने के बारे में और दूसरी चीजों के बारे में प्रो० दंडवते ने जो जिज्ञा किया, उनके वक्त जो रोलिंग प्लान तैयार किया गया, उसमें जो प्राइवेट सैक्टर के लिए बातें कही गईं, क्या जो मेमोरेण्डम प्रस्तुत किया गया, उसके अन्दर कोई इस प्रकार की बात है कि आप एक प्रोग्रेसिव तरीके से करना चाहते थे और आई० एम० एफ० की वजह से उसमें कोई डाइल्यूशन की बात हुई है। ये हार्ड फैक्ट्स हैं, कुछ मुश्किलें देश के सामने हैं, जिन पर इमोशन के बिना वास्तविक चीजों को सामने रख कर विचार करना होगा। मैं यह समझता हूँ कि सभी माननीय सदस्य इस बात को मानेंगे कि इस गवर्नमेंट के आने के बाद कोई परफार्मेंस खराब होने की वजह से आई० एम० एफ० से लोन की जरूरत पड़ गई हो, वह कारण

नहीं है। यह सब को मालूम है कि चाहे पावर सैक्टर को लें, चाहे कोल प्रोडक्शन को लें, चाहे एग्रीकल्चर को लें, चाहे ट्रान्सपोर्ट को लें, इन सब के अन्दर सुधार हुआ है। इन सब में सुधार होने के बावजूद, यह सब को स्पष्ट है कि जहां पहले 1978-79 के अन्दर करीब 1700 करोड़ रुपये का आयल का बिल आता था, वह अब 5500 करोड़ रुपये के ऊपर पहुँच गया है। क्या यह एक सिंगल फैक्ट सारे बॅलेंस आफ पेमेंट की जो स्थिति है, उसको अपसेट करने के लिए काफी नहीं है। जो फर्टीलाइजर हमारे देश के उत्पादन के लिए आवश्यक है और सभी पंचवर्षीय योजनाओं के अन्दर हम इसके टार्गेट्स तय करके चलते हैं कि हम एक पंचवर्षीय योजना में नाइट्रोजिन्स फर्टीलाइजर का इतना उपयोग बढ़ाएंगे और इस बात को रिलेट करते हैं कि जितना नाइट्रोजिन्स फर्टीलाइजर्स का उपयोग बढ़ेगा, उतना देश के अन्दर प्रोडक्शन बढ़ेगा, तब हम यह कहने के लिए कहें कि फर्टीलाइजर्स को हम कम कर दें और कम करके फीरेन एक्सचेंज को बचाने की कोशिश करें; यह कहां तक उचित है। मैं समझता हूँ कि सबसे आवश्यक बात यह है कि देश का अन्तोत्पादन, देश की खेती का उत्पादन ज्यादा से ज्यादा बढ़े और फर्टीलाइजर्स के मामले में किसानों को किसी प्रकार की दिक्कत न हो, डीजल के मामले में किसी प्रकार की दिक्कत न हो, ट्रान्सपोर्ट की फीसिलिटीज में किसी प्रकार की दिक्कत न हो। हमारे देश के अन्दर जो सख्त आवश्यकताएं हैं, उनको सामने रखते हुए, जो प्रोजेक्शन्स हमारे फाइनेन्स मिनिस्टर ने हमारे सामने रखे कि 1982-83 के अन्त तक जो कुछ हमारे पास रिजर्व हैं, वे समाप्त हो जाएंगे, तो क्या कोई इन हार्ड फैक्ट्स को ना कर सकता है, क्या इन वास्तविकताओं को न करके चल सकता है कि जो आज हमारे यहां खर्च है, उसको

(श्री मोहन लाल मुखाड़िया)

देखते हुए 1982-83 के अन्दर वह समाप्त होने की स्थिति में है। कहने के लिए कह सकते हैं कि हम रिफ़ॉर्स करें इन चीजों को या और जगहों से लोन लें बजाए आई०एम० एफ० के। इन सब चीजों को सोच कर हमें चलना चाहिए।

मैं निवेदन करूँ कि अगर कोई आई०एम० एफ० का कंट्रोल हमारे ऊपर होने वाला होता, अगर हमारे ऊपर कैपिटलिस्ट सोसाइटी का कंट्रोल होने वाला होता, अगर हमारे यहां मल्टी-नेशनल्स को खुली छूट मिलनी होती, तो यू० एस० ए० ओबर्जैक्ट करने वाला न होता। यू० एस० ए० थ्रूआऊट इस पर ओबर्जैक्शन करके चला, उसका कारण क्या है। यू०एस०ए० की इच्छा के मुताबिक और यह फैसला किया होता, तो यू० एस० ए० स्पोर्ट करने की बात करता। मैं तो गवर्नमेंट आफ इण्डिया को इस बात के लिए कांफ़िडेंस कर रहा हूँ कि आई०एम० एफ० जैसी जगह में यू० एस० ए० जैसा ब्रांजेक्टर होते हुए भी वह लोन प्राप्त करने में कामयाब हुई है। अगर कोई माननीय सदस्य यह कहें कि यू० एस० ए० जानबूझ कर एक्सेट कर गया, तो मैं उनसे कहना चाहता हूँ कि यू० एस० ए० यह जानता था कि अगर वह हमारे अगेंस्ट में वोट करेगा तब भी हिन्दुस्तान को लोन मिल जाएगा। इसीलिए वह एक्सेट रहा है।

14 rbs.

SHRI BIJU PATNAIK : They have the right of veto. You do not know.

SHRI SUNIL MAITRA :
(Calcutta North East) : Only U.S.A.
has the power of veto.

श्री मोहन लाल मुखाड़िया : मैं अपनी बात कह दूँ, आप अपनी बात कह देना। आई०एम० एफ० में एक स्ट्रॉंग ब्रांजेक्टर के होते हुए भी भारत सरकार लोन प्राप्त करने में सफल हुई है उसके लिए, जैसा कि मैंने कहा—वह मुबारकवाद की पात्र है। भारत सरकार को इसके लिए मुबारकवाद देना गलत बात नहीं है।

माननीय उपाध्यक्ष महोदय, कई जगह यह बात कही गयी कि उनसे लोन लेने की बजाय अगर हम दूसरी जगह जाते तो हमें आसानी से लोन मिल जाता। फाइनेन्स मिनिस्टर ने इस बात को स्पष्ट किया है कि 9-10 परसेंट पर लोन लेने की बजाय क्या 16 से 18 परसेंट पर लोन प्राप्त करना क्या देश के हित में होता? क्या इससे देश को लाभ होता? आई०एम० एफ० से लोन लेने में हमारी जो मूल नीतियां हैं, जो हमने निर्धारित की हैं कि प्रोथ विद सोशल जस्टिस वे कायम रहती हैं तो फिर उसमें दिक्कत की क्या बात है?

माननीय उपाध्यक्ष महोदय, बहुत से विरोधी पक्ष के लोगों को नाराजगी इस बात की है कि वे यह देखना चाहते थे कि 1982-83 तक भारत सरकार बंकर्रुट हो जाए और हमें यह कहने का मौका मिल जाए। लेकिन हमारी सरकार ने दूरन्देही से यह चीज की है और यह लोन प्राप्त कर लिया है जिससे कि सारी चीजों का मुकाबला किया जा सके। इसके लिए तो भारत सरकार को कांफ़िडेंस ही करना चाहिये। देश की डिफ़िकल्टीज को दार्ड

घोबर करने के लिये जो यह लोन प्राप्त किया गया है, उसके लिए यह कहा जाए कि यह काम ठीक नहीं किया गया है, यह गलत बात है।

उपाध्यक्ष महोदय, इसके बारे में बहुत सी गलतफहमियां हैं कि किसी से बाई-लेटरल एग्रीमेंट नहीं हो सकते हैं। इसको भी फाइनेंस मिनिस्टर ने साफ कर दिया है। हम रूपी ट्रेड वालों से लोन ले सकते हैं। 12 साल से आगे जहां रिपेमेंट करना पड़े वहां से लोन लेने की बात को भी साफ कर दिया गया है। जहां से यह लोन लिया गया है, अगर इस बीच में हमारी इकोनोमी इम्प्रूव करती है, मान लीजिए हमारा पेट्रोलियम का प्रोडक्शन बढ़ जाता है, हम और आगे बढ़ते हैं तो इसमें ऐसी कोई कंडीशन नहीं है कि हम आई० एम० एफ० से लोन की तीसरी किश्त लें। हम उसे लेने से इन्कार कर सकते हैं। उस किश्त को हम चाहें तो लें, चाहें तो न लें। इस बारे में इसमें कोई कंडीशन नहीं है। अगर इससे बैंटर टर्म्स पर कहीं से लोन मिल कर हमारी प्रोब्लम सोल्व हो सकती है तो वह हम ले सकते हैं। अगर इम्पोर्ट करने वाली प्रोटेक्शनिस्ट कन्ट्रीज से हमें अपने एक्सपोर्ट के बारे कुछ रिलेक्सेशन मिलते हों और एक्सपोर्ट के बारे में हम अपनी स्थिति इम्प्रूव कर सकते हों तो इस लोन में यह बाइण्डिंग नहीं है कि थर्ड इन्स्टालमेंट को भी लें। यह थर्ड इन्स्टालमेंट 50 परसेंट की है। उस इन्स्टालमेंट को लेने से हम इन्कार कर सकते हैं। इस समय हमारे सामने जो डिफिकल्टीज हैं अगर उनको हम सोल्व कर सकें और इन्फ्लेशन को रोकने में हम अपनी पोजीशन इम्प्रूव कर सकें तो हमें यह ऋण लेने की जरूरत नहीं पड़ेगी।

इसी सदन में इस तरफ के भी और उस तरफ के भी माननीय सदस्यों ने इस बात को कहा है कि इन्फ्लेशन रोकने के लिए मनी सप्लाई को रोका जाना चाहिए, मनी सप्लाई को ज्यादा नहीं किया जाना चाहिए। अब हम 19 परसेंट एक्सपेंशन आफ मनी सप्लाई तक रोकना चाहते हैं और घाटे की प्रथमव्यवस्था को कम करना चाहते हैं। तो यह कहा जा रहा है कि इसकी कंडीशन से हमारी स्वतंत्रता पर आघात हुआ है। क्या इस सदन में इस तरफ के और उस तरफ के भी माननीय सदस्यों ने इस बात को नहीं कहा है कि मनी सप्लाई ज्यादा होने की वजह से इन्फ्लेशन बढ़ता चला जा रहा है, उसको रोका जाना चाहिए। क्या यह सच नहीं है कि मैंने 1980 में, बजट के मौके पर बोलते हुए यह बात कही थी कि हमें अपने पब्लिक सैक्टर का परफोरमेंस इम्प्रूव करना चाहिए, उसमें घाटा नहीं होना चाहिए। हमारा प्लान डॉक्यूमेंट भी यह एन्वीसेज करता है—Ten per cent return will be a reasonable return from the public sector.

अगर किसी वजह से, किसी तरह से सब्सीडाइज कर के पब्लिक सैक्टर को चलाने की बात हो और सब्सीडाइज जनरल रेवेन्यू से किया जाए और उसकी वजह से डेफिसिट फाइनेंसिंग, इन्फ्लेशन की नौबत हो जाए तो सिलेक्टिव एप्रोच की जरूरत पड़ेगी, पब्लिक सैक्टर में भी कि कहां एफिसिएंसी के जरिए उसमें लास न हो—प्रियारिटी उसको होनी चाहिए।

मैं नहीं कहता कि कीमतें बढ़ाना ही रास्ता है। पहला रास्ता यह है कि एफिसिएंसी के जरिए हम पब्लिक सैक्टर को इस प्रकार का बनाएं कि उसको सब्सी-

[श्री मोहन लाल सुखाड़िया]

डाइज्ड करने की जरूरत न पड़े और वे खुद अपने पांव पर खड़े हो कर रीजनेबल रिटर्न देने की स्थिति में बनें ।

माननीय उपाध्यक्ष जी, दुनियां में जो सोशलिस्ट कंट्रीज हैं, वहां भी कोई पब्लिक सैक्टर सिर्फ इसलिए नहीं होते कि सिर्फ डेफिसिट ही करते जाएं और उसको सन्सीडाइज्ड करें, बल्कि वे अग्रे और, एक्सपेंशन हों और ज्यादा से ज्यादा इंडस्ट्रि-लाइजेशन हो और मनी पूल बैंक हो सके, उसके लिए रुपया काम आता है । जहां सिक इंडस्ट्रीज हैं, ऐसे पब्लिक सैक्टर हैं, उनके ऊपर विचार करके उन लासेस को कम करने वाली बात को सोचा जाए तो गलत बात नहीं होगी ।

उपाध्यक्ष जी, फटीलाइजर के अन्दर जो सन्सिडी है या फूड-ग्रोन्स के अन्दर जो सन्सिडी है, उसको खत्म करने के लिए कमिटमेंट किया गया है, ऐसा कहा गया है । ऐसा किस जगह किया गया है ? जो डाक्यूमेंट सामने रखे गए हैं, उनमें कहां कहा गया है कि फूड-ग्रोन्स की सन्सिडी को समाप्त कर देंगे ? लेकिन इसको रिव्यू करने की बात से कोई इन्कार नहीं कर सकता । जहां सन्सिडी कम की जा सकती है, उसको करने की तरफ ध्यान जाना चाहिए ।

उपाध्यक्ष महोदय, असली बात यह है कि इसके पीछे वैंस्ट-बंगाल से सबसे ज्यादा सन्सिडी का हस्ता मचाया जाता है, उसका कारण यह है कि 200 करोड़ का ओवर-ड्राफ्ट वहां चलता है । उनको डर है कि ओवर-ड्राफ्ट के जरिए जो सन्सिडी चलती है, उस पर कन्ट्रोल किया जाएगा, इसलिए

पहले से कह दो कि सन्सिडी को चालू रखा जाना चाहिए । यह बात तो निश्चित है कि जब छठी पंचवर्षीय योजना तैयार हुई तो रिसोर्स की रेसपोसिबिलिटी तय हुई, टारगेट तय हुआ, अलग-अलग टारगेट तय हुए उसके बाद हर स्टेट इस बात के लिए प्रयत्न करती है कि ओवर-ड्राफ्ट के अन्दर मनचाहे तरीके से बढ़ते रहें और देश के बजट के अन्दर डेफिसिट बढ़ता रहे, जिससे Deficit Financing के लिए ज्यादा से ज्यादा आवश्यकता पड़े ।

जो कंसल्टेशन की बात कही गई है, परफारमेंस की बात कही गई है, कंसल्टेशन के मामले में कइयों के साथ कंसल्टेशन होता है । कौनसा ऐसा मुल्क है जो कहीं लोन की बात करते हैं तो लोन की बातचीत के दौरान प्रोग्राम और परफारमेंस की बात नहीं होता ? आखें बन्द करके और बिना डीटेल में गए कि रिटर्न क्या होगा कोई लोन नहीं देता चाहे सोशलिस्ट कंट्रीज ही क्यों न हो, यह डिस्कशन होता है ।

इसकी वजह से हम यह मानें कि लोन के कारण हम अपनी सोवरनटी को कम करने जा रहे हैं ?

माननीय उपाध्यक्ष जी, यहां पर जिस प्रकार से बातें की गईं, उससे मुझे ऐसा लगा कि हम जैसे इनफीरियरिटी-कम्प्लेक्स से सफर करते हैं । इस हिन्दुस्तान के अन्दर हमने देखा है कि अमरीका पाकिस्तान को चाहे एफ-16 दे रहा है, लेकिन तब भी हमारे प्रधानमन्त्री और भारत सरकार ने कहीं कंपरोमाइज और सरेण्डर करने की बात नहीं की है तो क्या इस मानेदरी फण्ड के लोन की वजह से हम हमारी सोवरनटी को, अपनी सुप्रीमेसी को, अपनी आइडियालाजी को सेक्रीफाइज करके चलेंगे ?

यह जो सरकार यहां बैठी है, यह जनता पार्टी की सरकार की तरह एटामिक इनर्जी में बांरे में और दूसरे मामलों में जिस प्रकार सरेण्डर करके समझौता किया, लेकिन आज इस देश की पोलिटिकल और इकनामिक आजादी के अन्दर कोई भी फारेन कंट्री इंटरफियर नहीं कर पाएगा, यह हमें पूरी तरह से भरोसा होना चाहिए, क्योंकि अभी तक ऐसी स्थिति पैदा नहीं हुई है अभी डाक्यूमेंट्स में कोई इस प्रकार की बात पैदा नहीं हुई है कि इस प्रकार का भ्रम पैदा हो जाए कि अगर यह लोन ले रहे हैं इसलिए सब कुछ हो जाएगा। क्यों हम अपने-आप को कमजोर मानकार चलते हैं? कर्जा ले लिया इसलिए हम अपनी इकनामिक पालिसीज को कमजोर कर देंगे, अपनी सोवरनटी और सुप्रीमेसी को दूसरों के हवाले कर देंगे, इन सब चीजों को मानने के लिए मैं समझता हूँ कि कोई भी कारण पैदा नहीं होता कि जिनकी वजह से हम यह समझें कि हमारे यहां दूसरों का वर्चस्व स्थापित हो जाएगा और दूसरे लोग यहां पर इंटरफियर कर सकेंगे।

उपाध्यक्ष महोदय, यह ठीक बात है कि कर्जा लेना खुद में कोई अच्छी बात नहीं होती। बिना कर्ज के काम चल सके तो बहुत अच्छी बात है। अभी यहां पर प्रोफेसर दण्डवते ने कहा कि हमने सेल्फ-रिलायन्स को बहुत पीछे छोड़ दिया है।

इस बात से इन्कार नहीं किया जा सकता कि इस गवर्नमेंट के आने के बाद मैक्सिमम एफर्ट इस बात का किया जा रहा है कि पेट्रोलियम प्रोडक्ट्स, गैस आदि नैचुरल चीजों का ज्यादा से ज्यादा एक्सप्लोरेशन हो और हम चाहते हैं कि थर्ड इन्स्टालमेंट हम लें उसके पहले ही हमारी आयल और आयल

प्रोडक्ट्स के मामले में सिचुएशन इम्प्रूव हो जाए और अगर हो जाती है तो हमें बाहर से इन चीजों को लेने की जरूरत नहीं पड़ेगी। इम्पोर्ट्स के मामले में भी हम को रीयलिस्टिक पालिसी एडाप्ट करनी पड़ेगी। अब कोई यह समझ कर चलता है कि हम मल्टी-नैशनलज को इनवाइट कर रहे हैं तो ऐसी शंका उसकी गिराधार है। यह स्पष्ट है कि रा मैटीरियल्ज का उत्पादन बढ़ाने के लिए, इनप्लेशन को रोकने के लिए, यहां की प्रोडक्शन को बढ़ाने के लिए, एक्सपोर्ट्स को बढ़ाने के लिए जिन कमोडिटीज की जरूरत है उनको इम्पोर्ट करने के मामले में अगर आज रूल्ज और रेग्युलेशंज बीच में आड़े आते हैं, या इस काम में देरी पैदा करते हैं, मुश्किलें पैदा करते हैं तो इनको स्ट्रीम लाइन हम को करना पड़ेगा ताकि देश का उत्पादन बढ़ सके और ये सब चीजें ठीक हो सकें। उत्पादन बढ़ाने के ख्याल से इन सब बातों को हमें अपने सामने रखना होगा।

और देशों के साथ हमारे बाइलेट्रल एग्रीमेंट्स हुए हैं। लेकिन कोई यह नहीं कह सकता है कि उड़ीसा के एल्यूमिनियम प्लांट के लिए जो निर्यात किया गया है, उस पर इसका कोई असर पड़ा है। वह स्टैंड करता है। जो एग्रीमेंट किया गया है वह उसी प्रकार से कायम है। और भी जो दूसरे एग्रीमेंट किए जाते हैं तो उन में भी कहीं यह चीज रुकावट पैदा नहीं करती है। पेट्रोलियम के मामले में और कंट्रीज के साथ हम अगर कुछ कोलाबोरेशन करना चाहते हैं तो कोई बाधा सामने आकर खड़ी नहीं होती है। हमें गहराई के साथ बिचार करना होगा कि क्या हमारी डिफिकल्टी रीबल नहीं है और अगर रीबल है तो हमारे सामने आस्टरनेटिव क्या है? प्रो० दंडवते ने कहा है कि गांधी जी ने जो रास्ता बताया था उस रास्ते पर हम चलते तो यह स्थिति पैदा नहीं होती।

[श्री मोहन लाल सुखाड़िया]

प्रोफेसर साहब के जमाने में हम उस रास्ते पर चल नहीं पाए, उससे पहले भी हम चल नहीं पाए, इसको सभी जानते हैं। आज फर्टिलाइजर की निर्रसिटी को दुनिया मानती है। किसान भी इसकी उपयोगिता को मानने लग गया है। जितनी ज्यादा जमीन में आज खेती होने लग गई है उतना ही ज्यादा हम को कम्पोस्ट, उतना ही ज्यादा ग्रीन मैन्यूरिंग जमीन के लिए चाहिए। आप और हम जब फील्ड में जाते हैं तो इन सब चीजों को देखते हैं। इन हालात में हम को प्रोब्लिकल स्टैंड लेना पड़ेगा। अगर आज हमने फर्टिलाइजर का इम्पोर्ट कम कर दिया और कल को अगर हम फूडग्रैन्ज का इम्पोर्ट करने लग गए तो इसका मतलब यह होगा कि हमको दुनिया के सामने बैगिंग बाउल लेकर जाना पड़ेगा और अनाज के बिना हमारे सामने भूखों मरने की नौबत आ जाएगी। हमें बाहर से अन्न मंगाना न पड़े और यह नौबत हमारे सामने न आए इस वास्ते कि फर्टिलाइजर की कमी है, इसको हम बरदाश्त नहीं कर सकते हैं। आयल प्रोडक्ट्स में हम कमी नहीं कर सकते हैं। ज्यों ज्यों इरिगेशन फैसिलिटीज बढ़ती जाएंगी त्यों त्यों ज्यादा फर्टिलाइजर की जरूरत हमारी बढ़ती चली जाएगी। ज्यादा फर्टिलाइजर की जरूरत पड़ेगी तो ज्यादा फारेन एक्सचेंज अगर खर्च हो तो वह भी हम को करना पड़ेगा। आज—छोटा किसान फर्टिलाइजर का उपयोग नहीं कर पा रहा है। वह इसका उपयोग करे इसका हम को प्रयत्न करना होगा और हम कर भी रहे हैं। लोन दे कर, सब्सिडी दे कर वह भी फर्टिलाइजर का इस्तेमाल करने लगे इसकी कोशिश हम को करनी होगी।

फर्टिलाइजर के महत्व को कम करके हम नहीं चल सकते हैं।

जिन हालात में लोन लिया गया है, जिन कन्डीशन्ज के ऊपर इसको प्राप्त किया गया है मैं समझता कि उस के अन्दर कोई सोवरनटी को सरेंडर करने का सवाल नहीं है, प्लान की जो प्रायोरिटीज हैं उनको सरेंडर करने का सवाल नहीं है, इकोनोमिक, सोशल पालिसीज के अन्दर सरेंडर करने की कोई बात नहीं है और सब से बड़ी बात यह है कि यहां सरेंडर करने वाली सरकार नहीं है। जो यह सरकार यहां पर है वह किसी चीज को सरेंडर कर दे, यह प्रश्न ही पंदा नहीं होता है। मैं समझता हूं कि जो लोन प्राप्त किया गया है उसके लिए हम को सरकार को धन्यवाद देना चाहिए और हम ने ऐसा किया तो यह उपयुक्त ही होगा।

SHRI SUNIL MAITRA (Calcutta North East): It is a queer sort of debate. The Finance Minister while introducing the Motion anticipated the debate. Actually, before anyone from the opposition could speak, he started the reply. This is the manner in which the business of Parliament will be conducted by the Treasury Benches.

Anyway, it will be seen whether five billion SDR loan was received by India through the grace of the International Monetary Fund or through the cunningness of our ebullient Finance Minister or his deputy; it has already become a matter of controversy. Otherwise, how is it that only the other day, the Finance Minister

pointedly told an Hon. Member that even you grandfather could not get this loan? Let me assure him that our father or grandfather would not have dared even to think of such a reasonable action.

SHRI SOMNATH CHATTERJEE: It was a slip of tongue; let us accept it.

SHRI SUNIL MAITRA: Now, the Finance Minister has arrogated to himself the role of the India's grand old Santa Claus bringing Christmas presents to 700 million children of this country in the form of 5 billion SDRs.

Before the loan is contracted for, was there any attempt made by the Government of India to obviate balance of payment difficulties? The only explanation the Finance Minister gave then as he gave today in favour of this loan is the balance of payment difficulties. But was there any other alternate way to obviate the difficulty of balance of payments deficit? Now at the moment, we have got foreign exchange reserve to the extent of about Rs. 4,000 crores. Only yesterday, the Petroleum Minister announced on the floor of the House that by 1983 we would be self-sufficient in petroleum products to the extent of 60 per cent. Now as Prof. Madhu Dandavate has already said, we could have at least tried to curtail the consumption of petroleum products. But no attempt was made. So far as imports are concerned, there are two types of imports—regular imports and contingent import. This year in the contingent import, in spite of the claim made by the Government that last year we had a record production of 133 million tonnes of food-grains, we imported 1.52 million tonnes of foodgrains from USA, whose landed cost was Rs. 190/- per quintal. How is it that when the country had produced a record harvest of 133 million tonnes, he imported 1.52 million tonnes? Could it not be avoided?

PROF. N.G. RANGA (Guntur): No.

SHRI SUNIL MAITRA: We say, yes. But no attempt was made. You imported edible oil. You also imported other items, which conveniently could have been avoided, thereby bringing down you import bill. But no serious attempt was made.

Then there was gold reserve. Dr. Bhabatosh Datta, who was the Chief of the South East Asia Division of the IMF, has written an article in the *Statesman* saying whether any alternative avenues could have been explored. He says:

“The gold stock with the Reserve Bank is now Rs. 225.58 crores but it is valued at Rs. 84.39 per 10 gms. while the International price of gold is about 16 times higher (around \$420 per ounce). The question of the actual revaluation of gold stocks raises a number of issues, but the fact stands that India has a not-so-hidden emergency resource of more than Rs. 3,500 crores.

There is, besides, the gold stock held by the Government of India, comprising the outputs of Indian mines, gold seized by Customs and gold donated at the time of the frontier troubles in the north east. The quantity of this gold was 85 tonnes in 1978, when the Janata Government started selling from the stock, and was 72 tonnes when the scheme was dropped. There must have been additions since then and it is safe to assume that the Government has another Rs. 1,000 crores worth of gold at international prices. Besides, there are substantial ‘excess balance’ in the foreign bank accounts of Indian embassies and other missions abroad and also in the accounts of Indian banks operating at foreign centres”.

[Shri Sunil Maatra]

If all these alternative measures were explored, the chance was there, the possibility was there that contracting this huge loan of 5 billion SDR could have been avoided. But the Government of India did not do it.

When this application was made to the IMF, the Finance Minister said in his letter of intent to the IMF, firstly, that the balance of payment position was very bad and, secondly, that our export was suffering because of the protectionist policy of the industrialised countries. Having contracted this 5 billion SDR loan, how do the Government propose to pay it back? The Finance Minister gave a long lecture, for which he took about one hour. But he did not say how this country proposes to pay it back by 1984. Are we assuming that the protectionist policies of the Western countries will diminish or disappear, so that it will be possible for us to go on expanding our export trade, and thereby not only wipe out the deficit in the balance of payments, but also earn surplus, by which it will be possible for us to pay back the loan?

The IMF and the World Bank very recently published a survey of the potential economic situation of the entire world upto 1980. I am quoting from the *London Economist* so that you do not say that I am quoting Ashoka Mitra:

“The world economy faces a slow recovery back to much less than rude health, according to the IMF’s forecast. While the short term—this year and next—looks predictably grim, there is hardly mere to cheer about when the IMF gives a glimpse of what 1984 might be like. If you throw in the latest World Bank forecasts—which are in some detail upto 1990—the decade looks

almost as dreadful as the 1970s proved to be”.

It goes further:

“While growth looks slow and patchy, the financial implications of the IMF’s forecasts are just as disturbing. Even with no increase in the real price of oil, the fund does see the oil producers’ current-account surplus shrinking as quickly as it did after the 1973-74 oil price rise. Yet, the industrial countries will probably manage to shake off their deficits almost as quickly as before. Inevitable result: the non-oil developing countries are stuck with deficit that are larger and more persistent than in the 1970s. Financing these deficits will push the oil importers...”

—one of them being ourselves—
“deeper into debt.

“Financing those deficits will push the oil importers deeper into debt. The fund is gloomy about the prospects for concessional aid; it also expects real interest rates on commercial loans to remain positive, perhaps to the tune of 2% or so. It therefore, thinks that debt service ratios, which jumped sharply for the oil importers between 1977 and 1980, are going to stay high”.

This is the forecast of your mentors, the International Monetary Fund and the World Bank. When they have extended this fund facility programme, after the period is over by 1983-84, when the time comes for repayment of interest and principal amount, then it would not be possible for you to increase your export trade because of the gloomy situation of recession, of inflation and the condition of the market in the international world. So, how to pay? Borrow more. And after borrowing more you are going to pay interest and the principal and thereby you sink more

and more into the quagmire of debt. You enter into the debt trap. Therefore, I would submit that in a calculated and deliberate manner this Government has led this country into a debt trap which will ultimately not only compromise the economic sovereignty of this country, but it is going to compromise the political sovereignty of this country also.

Now, let us see what are the conditions of this loan. Prof. Madhu Dandavate has already mentioned about them. (*Interruptions*). Two of the conditions are that domestic bank credit from the Government should not go beyond 18.6 per cent in 1981-82. Secondly, the IMF has also prescribed the limit of external loans, that is in 1981-82 the commercial borrowing should not exceed SDRs \$ 1.4 billion. Here, the point is, Mr. Sukhadia said that 'you always said that the expansion of supply of money should be reduced'. Of course, we did say that. But he did not listen to us properly then. Now he is saying this because he has been dictated. This is the difference. Today being dictated by the IMF you are obliged to do it. Why the IMF is doing it? It is a policy mix. In respect of no other loans—I am challenging the Finance Minister to refute my argument—granted to any other country the International Monetary Fund put this condition saying that 'beyond this limit you are not allowed to borrow from the market. It is to India that they have put this condition and there is a specific purpose for putting this condition on India because IMF wants India to be a 'tied client' of the International Monetary Fund. India should not be in a position to manoeuvre. Therefore, they have put this condition. This is the language of the IMF Memorandum in putting the conditions:

"1. A phased ceiling on total domestic credit, and a phased sub-ceiling on net credit to the government.

2. Ceiling on the official contracting on guaranteeing of external debts with maturity between one and twelve years, with a sub-ceiling for maturities between one and five years".

Regarding bilateral payments Prof. Madhu Dandavate has already mentioned, I do not wish to cover it.

Import subsidy: You claim yourselves to be the greatest builder and champion of self-reliance. What about these things? I am quoting from IMF Memorandum. You please reply to it:

"the authorities have indicated in the plan that for the future policies would aim at stable environment that is neutral as between production for export and import substitution, with possible conflicts between the two being resolved in favour of exports".

If there is any conflict between export and import substitution, then the dispute will be resolved in favour of export and not in favour of import substitution. If something is available—here you are opening the door to multi-nationals. Multi-nationals are coming here. If you tell the multi-nationals to manufacture a particular item and if you say "in order to manufacture that particular item this particular item is available in this country, you need not import it", and if there is dispute between the multi-national and the Government of India on that score and the multi-national says, "No, I am going to import it and not get substitute from this country", you have to agree to the dictates of the multi-nationals. When there is any such situation, in the conflict between export and import substitution the dispute will be resolved in favour of export. That means he will not be forced to take the indigenous thing. He will be allowed to import that very thing. So import substitution has been given a good-bye and your dream

[Shri Sunil Maitra]

and tom-tomming of self-reliance is given good-bye.

Import Policy: What does it mean? If you liberalise the import policy of this country—specially small and medium manufacturing units will be eliminated in no time whatsoever.

“Economic efficiency would also be encouraged by steps to allow the forces of International competition to operate more freely, and selective import policy steps to reduce levels of protection of domestic industry will be considered. Some liberalisation measures were introduced in the import policy for 1981-82 and the authorities indicate import policies for 1982-83 and 1983-84 will contain significant liberalisation steps”.

Year 1982-83 has not yet started. From 1st April, 1982, 1982-83 will start.

With the import policy of 60s which this Government propounded, this Government stuck to some import policy. Last year not only it has been changed with maximum liberal import promotions, it will be further liberalised in the year 1982-83 and 1983-84. That means that some wrong will happen to indigenous industry. You try to understand it. I may tell the Members sitting in the treasury benches, it is not a question of scoring a debating point. It is a question of the sovereignty and independence of our country. It is a question of economic independence, sovereignty and political sovereignty of the country. It is a question of existence of indigenous industry. For the last 34 years people fought, people shed their blood, people toiled and therefore, made sacrifices. Whatever we have uptill now built up or done for the industrial life, through this import policy you are going to demolish.

The next condition is that the multi-nationals will be given every help. Procedures relating to foreign collaboration and royalty payments are being considerably liberalised over industries. At the same time, certain industries are being identified for special encouragement where the potential for technical innovation and export is judged to be high. Flexible policies with respect to administered pricing are expected to encourage technologically from efficient factor use, established for commercial energy”.

Last but not the least. These are the recommendations of the IMF. “For the period ahead, administered prices of both the Centre and States should be adjusted flexibly towards the objective that they fully reflect economic costs”. It means prices will increase. All administrative prices will increase. “In this context, there is a scope for further adjustment to coal and electricity prices”. That means, the country should know, that in the darkness a conspiracy is being hatched to increase all administrative prices and the next axe will fall on coal and electricity prices. That is, price increase is expected there.

“In ensuring that, price adjustments are implemented as appropriate, the staff will collaborate closely with the Bank bearing in mind the Bank’s focus on appropriate present policies in sectors supported by bank lending. The authorities envisage strong development in the private sector. Accordingly, policies to stimulate private investment, including foreign collaboration have already been strengthened. The staff will give the thrust of the new pragmatic industrial policy, and its implementation thus far has displayed flexibility and a significantly changed attitude towards the role of the private sector especially in the external sector. The authorities are amazing at a reversal of the previous direction... ..” It is very important. This is underscoring the point. This

is again supported by what Prof. Madhu Dandavate has said. Whatever in the form of Industrial Resolution which you said in 1956 and onwards, through this Agreement with IMF you are sacrificing and the entire process is set to be reversed. The Bank says, "The authorities are amazing at a reversal of the previous direction of policies which made the domestic market more attractive than exports. The staff believes through it is of critical importance, with all possible measures be taken to achieve this objective. Towards this end, the scope of antimonopoly and other regulations, approval procedures and licensing provisions have been virtually eliminated for exports while being reduced for most industries. Also in a marked departure from previous policies, access to imported technology is being approved more liberally encouraging needed modernisation in domestic industry". Therefore, whatever has been accepted here, in this connection, by this Parliament, by the skillful previous Government as the national policy in regard to, industries, in regard to agriculture, in regard to prices, in regard to subsidy and everything is being given good-bye because you want 5 billion SDR from the International Monetary Fund. It is a double reversal of policies. Even then, the Finance Minister says that he is getting the loan from the IMF with no strings attached. But may I very humbly ask the Finance Minister as to whom are you fooling? You said yourself that these are the conditions. You submitted the memorandum. Because you gave this information, you knew that these were the conditions. And since last year's Budget, you have been preparing the ground for it. I am quoting no less an authority than the *London Economist* which says:

"Some governments are so reluctant to be portrayed as IMF stooges that they prefer to take their own medicine—the prescription being silently applauded in the IMF itself.

Brazil in the past 18 months is the best example of self-administered treatment. More recently, India also took many of the measures it knew the fund would require before applying for a loan, thereby damping the political impact of the IMF's conditions....."

So, that is exactly what the Finance Minister is trying to do. He knew that these were the conditions because these conditions were already known. Bangladesh went through the same conditions. Sri Lanka went through the same conditions; Jamaica went through the same conditions and Brazil went through the same conditions. The experience of none of these countries shows that the IMF loan would save them either from the embarrassment or from the total annihilation and bankruptcy of their economy. Nor is it going to save us from the bankruptcy of our economy. The Finance Minister said, "if you had gone for it after 3 years, we would have become bankrupt." I say, after three years, instead of being bankrupt they would have mortgaged the entire economy of our country to the IMF and which, in other words, is the Fund run by the State Department of the United States. Therefore, when you say that America abstained, America did not vote for you, the implicit opposition of the Americans was accepted. Within the IMF, it is only the USA which has got a right to veto.....

AN HON. MEMBER: Large voting right.

SHRI SUNIL MAITRA: It is a veto. Only the USA has a right to veto. The very fact that USA did not apply veto proves the point that America also wanted the Government of India to accept it. It was also a sort of plan hatched in the darkness of an air-conditioned room between the Government of India and the Americans, the agents of the International Monetary Fund. Therefore, we are being led on to a garden path by the Finance Minister.

[Shri Sunil Maitra]

With all these conditionalities, our economic sovereignty is bound to be mortgaged through Americans. If our economic sovereignty is mortgaged, what happens to our foreign policy of non-alignment? At a certain point of time, our political sovereignty is bound to be compromised and when that thing happens, it will no longer be possible for us to keep our heads high in the United Nations and all the International forums and tell them that we are a part of the third world and along with other third world countries, we are fighting for a better world. Because of this 5 billion SDR loan, today this country is being led into a debt which ultimately will not only compromise our economic sovereignty but it is bound to compromise our political sovereignty also. Therefore, we oppose this deal lock, stock and barrel.

SHRI JAGANNATH RAO (Berhampur): Mr. Deputy Speaker, Sir, I have listened to the Opposition speeches with great interest. They have been opposing the IMF loan even before the loan was granted. The 23 economists of Calcutta, the 23 wise-men of Calcutta, met at the instance or at the request of the Finance Minister of West Bengal, Mr. Ashok Mitra..... (Interruptions) They have been criticising the loan. They have only two basic objections. One is that this loan would only postpone the day of reckoning and the other is that the acceptance of the conditions that the IMF would impose would amount to a surrender of the economic sovereignty of the country.

We are faced with a grave situation of balance of payments crisis and how to get over it. The opposition has not suggested any other alternative sources excepting borrowing. We have to choose from whom to borrow, either from IMF or from commercial borrowings or from Euro-Dollar Market. Now the conditions that have been imposed by the IMF loan are not at all onerous. Secondly, the

rate of interest of IMF loan is only 10.40% whereas the commercial borrowing would be at 18% or more.

(Interruptions)

Therefore, again the repayment schedule also will be very short. The IMF loan conditions are giving us a breather to tide over the crisis.

It is said by Mr. Mitra, the speaker who preceded me 'How are you going to repay?' We will repay this amount next year. We hope so. But we are finding more oil in the offshore. We may reduce the oil imports by 1,000 crores of rupees. Secondly, our economy would be moving faster. Therefore, we can meet the repayment schedule. Thirdly, it is payable in instalments. During 1980-81, we borrowed 800 million from the IMF. Now the first instalment is 900 million. The second instalment in 1982-83 would be about 1200 million SDRs. A third one we may not borrow. We may not be required to borrow. The loan is sanctioned but it is not incumbent on us to borrow the entire loan. I will show presently that the conditions, are not onerous. The date of reckoning is postponed. Every loan would only postpone the day of reckoning. Even in commercial loan also, the day of reckoning is postponed. Any loan would only give breathing time.

Have we surrendered our sovereignty? What are the conditions? They are not dictated policies, new policies. The policy we adopted in the Sixth Plan are the policies which we have submitted to them, they have accepted them. They only reiterated them. We are not going to change our policy about the investment in the private sector or liberalisation of imports or allow multi-nationals to come into our country. The imports would be limited, would be selective and any technology that we import, would be only the highly sophisticated technology or even computer technology which is necessary to manufacture goods—entirely meant for exports. Exports

are very competitive today. Unless we are in a position to compete with the Western countries in the matter of goods produced, there is no chance for us to meet the competition in the export market.

PROF. MADHU DANDAVATE:
Why don't you export Maruti car with diesel engine ?

SHRI JAGANNATH RAO: A time may come soon when we export that car also, with diesel engine. Diesel engine cars are not available now.

(Interruptions)

Then, Mr. Dandavate said that subsidies will be abolished. Even the Plan document says:

"It is necessary to bring about a drastic reduction in some of the subsidy rates in order to increase the availability of goods, etc."

Not that the subsidies will be abolished now. Food grains are subsidised. Fertiliser also are subsidised. These subsidies will have to continue for some time. This would be reduced only when the time comes.

SHRI RAVINDRA VARMA
(Bombay North): Prices have increased 62%.

SHRI JAGANNATH RAO: The irrigation rates are very low. Even the cost of maintaining irrigation works is not met by the State Governments. We have to increase irrigation rates. We have to increase bus fares. The Transport Corporations are incurring losses. The electricity rates have to be increased because the Electricity Boards are running at a loss. The Plan document says that at least ten per cent profits should be there, so that they can work as viable units. Otherwise, how are you going to get on with losses ? There is no point in running these incurring losses. This is the policy laid down in the Plan document itself; it is not a new policy

nor a new condition imposed by the IMF. Let us not get scared about IMF.

14.50 hrs.

(Shri Harinatha Misra in the Chair).

Another point is that Government expenditure will be reduced. Wasteful and unproductive government expenditure should be reduced. Every State Government is having overdrafts from the Reserve Bank, including the West Bengal Government. Is it wrong to suggest that you give up your drawing overdrafts and try to be self-sufficient ? It is a healthy recommendation which the Plan document itself says. That is one of the policies of the Government.

Then, ceiling on credit; it has been agreed to by all, including the Opposition, that deficit financing should be limited, there should be a ceiling on deficit financing; there should be a ceiling on bank credit, so that the liquidity is reduced. The Sixth Plan document contains all these. There is nothing new here. On the other hand, the IMF, has adopted our policies.....*(Interruptions)*

SHRI RAVINDRA VARMA:
You are on 'Shirshashan'.

SHRI JAGANNATH RAO: They have accepted our conditions. In the Note sent by the Finance Minister along with the letter requesting for loan, all these have been reiterated, and they have accepted; that means, they have agreed to our policies.

SHRI BIJU PATNAIK (Kendrapara): When was that document prepared ?

SHRI R. VENKATARAMAN:
Why do you ask him questions ? Ask me. *(Interruptions)*

SHRI JAGANNATH RAO: These are ceilings from the Draft Sixth Plan.

[Shri Jagannath Rao]

It was done earlier, before he made a request to the IMF. This document was laid on the Table of the House in the last Session. It is not a new thing that has been enunciated.

Therefore, we should look at this loan objectively. The first thing is: can we get on without obtaining the loan? Secondly, are the conditions imposed by the IMF in granting this huge loan onerous? Do they go against the sovereignty of the country? Have we sold out our sovereignty to the IMF? Have we mortgaged our sovereignty? Nothing of that sort. The loan is with no conditions, no strings attached. The conditions they have set are only the policies which we have adopted already.....

SHRI INDRAJIT GUPTA: I am glad you are interpreting it like this.

SHRI JAGANNATH RAO: Our policies are already there in the Plan Document itself. I have read out from the Sixth Plan. It is not a new statement of policy laid down by the Finance Minister or anybody else. I would not repeat what the Finance Minister has already said. He has taken the wind out of the sail of the opposition in his opening remarks. Therefore, there is no new point which they can make; they are repeating the same points. Similarly, we have to repeat the same points from this side.

Therefore, Sir, our national honour is not impaired. Government has not done anything which goes against our national honour or sovereignty. There is no alternative for the Govt. of the day but to borrow, take a loan, a 'soft loan' I may call it. It is giving us a cushion. But it does not mean that this cushion will make us complacent. We have to tighten our belts and see that the economy moves forward, that our economic policies are implemented vigorously and wasteful expenditure by the State Governments and the Central Government is eliminated.....

PROF. MADHU DANDAVATE: Our contention is that the cushion is hard and the Minister is soft.

SHRI JAGANNATH RAO: His appearance is soft, but he is a strong man, he is a man of steel. I know him for over 20 years. I therefore, without being repetitive or discursive, I would submit. Sir, that I congratulate the Finance Minister and the Government for having got this huge loan and also would say that the Government should see that we need not and we are not compelled to take the other portion of the loan. We may not be required to do it because if our economy moves on the right lines as we envisage it will do, there would not be any need.

Therefore, with my compliments to the Finance Minister, I support his motion and oppose the substitute motions.

MR. CHAIRMAN: Shri Biju Patnaik.

PROF. MADHU DANDAVATE: Sir, he was our man of steel.

SHRI BIJU PATNAIK (Kendrapara): My friend, Mr. Venkataraman—what I should say—is a good Brahmin and he understands Sanskrit very well. Psychologically and mentally I am one with him when he pronounced the wonderful theory:

यावत्जीवेत् सुखंजीवेत्

ऋणकृत्वा घृतं पिबेत्

Its translation is as long as you want to live, live happily. Even if you have no money and if you want to eat Sudh ghee, Haryana ghee, then take IMF loan.....

MR. CHAIRMAN: Why didn't you mention the last line?

SHRI BIJU PATNAIK: That is different.

सभापति महोदय : भस्मी मृतस्य-देहस्य

SHRI BIJU PATNAIK: So he wants to be congratulated for having engineered the largest loan ever given by IMF to any country. I have no doubt that he will go into Guinness Book. I have no doubt that he, his Finance Secretary and all the rest will go into the Guinness Book for having contracted the largest international loan so far.

Now, the merits of such a loan have been propounded by the Finance Minister himself and the demerits have been posed by the Opposition Leaders. The Finance Minister, while propounding the merits of the case—I would not say deliberately, because I believe he is an honest person, but inadvertently gave certain wrong figures which I propose to correct for him.

The Finance Minister said that the average interest that this loan bears is about 9%.....

SHRI R. VENKATARAMAN: 10%.

SHRI BIJU PATNAIK: No, you said 9%. If you go into the record, you said 9%. But it would be more than 10%; if you take 6.25% on 48% and 14% on 52%, it becomes a little more than 10%.....(Interruptions) You said that it is a fluctuating thing because it is a borrowed money. 52% is almost market borrowing, guaranteed by the World Bank but it is market borrowing all the same.

You went half way almost trying to blackmail this Parliament to the view that this borrowing was definitely essential and imperative, almost at the point of a gun because the international oil prices, the OPEC prices went up. Let us examine what really went up.

15-00 hrs.

You yourself gave the figures that the oil prices from the firm price of 1978 went up in 1979-80 and early 1981. Now, what was the price that went up? Our import bill was Rs. 1,677 crores in 1978-79 and about Rs. 5,500 and odd crores in 1980-81. These are the figures which you have given. Between 1978-79, and 1980-81, the prices of oil went up by 120%. Please note my figures, Mr. Finance Minister. These, are the figures quoted by you from different documents. Your import bill went up by 333% as compared to that of 1978-79 bill. The oil prices during this period went up by 120%. You need to explain to this House because you are placing all your defence on the rising oil prices. Suppose your import bill also has gone up by 120%, you would have saved Rs. 2,500 crores alone in the current year. You need not have borrowed Rs. 900 crores, starting from this year, from IMF.

In the document prepared by the IMF, there are projections for import and export which obviously have the approval of the Finance Ministry, the Planning Commission, the Prime Minister and the whole lot of Govt. of India. You say in this document that in 1979-80 you have a non-oil import of Rs. 5,500 crores. In your projection for 1985-86, you have a non-oil import of Rs. 14,000 crores. Mr. Finance Minister, is this the meaning of your Government trying to produce more to export more and to reduce imports? Your oil minister goes on saying that in 1983-84 we will be producing thirty million tonnes of crude oil. I hope I am right in quoting his figure. Only yesterday he said that it would additionally produce about seven million tonnes equivalent of hydro-carbon in the form of gas. To-day's consumption of India is about thirty million tonnes of crude whereas you import about 16 million tonnes. When you are going to produce thirty million tonnes then why has your projection

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shown 5,000, 5,500, 6,000, 6000 or 7,000 crores SDR as your annual import of oil? Why? I do not say you cut down your oil import very much to-day. To-day you may need or you may cut down by ten percent by which you may save about Rs. 1,000 crores. You tighten up the belts all around. Look at the manner or fashion in which you are going. In war-time in Britain even a child could not get an egg once in a month. If you are in a war situation and if you are in such an economic situation, you tighten your belt accordingly. I think you will have the appreciation of the whole House instead of taking encomiums which may not be as productive as you are trying to paint here because much depends upon the conditions of the nation. Here forty crores of people are below povertyline. I state this according to your own figures. And these forty crores of people only eat some caloriless food for two out of three days, that is, for hundred days in a year they starve. The ladies in their homes have hardly one piece of cloth to wear in a year. In such a situation, Mr. Finance Minister, you are not only importing a large amount of debt for the nation but also with conditions which are attached or which would be attached and which have been admitted and accepted by you so far. These will benefit the richer nations comparatively more than they would benefit us. It is not that the Finance Minister does not know. He knows what happened to Bangladesh because of IMF loan. He knows what happened to other countries. He knows what happened to African countries. He also knows why Mexico and Brazil did not borrow from the IMF. They borrowed sixteen to seventeen million dollars from the open market. Surely they are not fools and we are the only wise people. Even erstwhile colonies like us of the British had thrown out this idea of IMF. I am merely quoting from an African leaders like Mr. Nyerer. It is worth nothing in this Parliament what he

had to say on this. It is only in 1980 when he was speaking to the diplomats accredited to Tanzania. I quote:

"The IMF always lays down conditions for using any of its facilities. We, therefore, expected that there would be certain conditions imposed should we desire to use the IMF Extended Fund Facility. But we expected these conditions to be non-ideological and related to ensuring that money lent to us is not wasted, pocketed by political leaders or bureaucrats, used to build private villas at home or abroad, or deposited in private Swiss Bank accounts".

"We also accepted that we could justly be asked how we were planning to deal with the problem in the medium or longer term. We could then have accepted or rejected such conditions, but we would not have felt it necessary to make a strong and public pretest.

"Tanzania is not prepared to devalue its currency just because this is a traditional free market solution to everything and regardless of the merits of our position. It is not prepared to surrender its right to restrict imports by measures designed to ensure that we import quinine rather than cosmetics or buses rather than cars for the elite".

"My Government is not prepared to give up our national endeavour to provide primary education for every child, basic medicines and some clean water for all our people. Cuts may have to be made in our national expenditure. Nor are we prepared to deal with inflation and shortages by relying only on monetary policy regardless of its relative effect on the poorest and less poor".

"Our price control machinery may not be the most effective in the world, but we will not abandon price control; we will only strive to make it more efficient. And above all, we shall continue with

our endeavours to build a socialist society”.

Another Prime Minister of Jamaica who did well for the first eight to ten years but having taken IMF loan got into trouble has also made his viewpoint. It is worthwhile for us to remember it since we have already contracted the loan. He said:

“IMF prescriptions are designed by and for developed capitalist economies and are inappropriate for developing economies of any kind”.—this is worthwhile for us to remember. Mr. Finance Minister, when the IMF officials breathe down your neck every three months in New Delhi, insisting on their conditionality, you will rue the day when you have contracted this loan !

I further quote from them:

“The severe suffering imposed on a developing society through IMF conditionality is endured without any real prospect of a favourable economic outcome and without an adequate foundation of social welfare provisions to mitigate the hardships experienced by the people”.

I will not go into it in detail. Now, what is this IMF ? It is a Fund created by the will of the United Nations or by the Member-countries who have contributed to this Fund. This Fund is like a Bank. It gives money on certain conditions. It says, you take my money, you will pay back in due course. If you think that you are going to do certain things for the public services, if you think that Rs. 500 crores should be spent in Bombay for improving the Water Works, Rs. 600 crores should be spent in Calcutta for an underground Railway, or you nationalise coal at your will, and spend Rs. 1500 crores as losses, you do all these things, Mr. Finance Minister, now you will not be able to play these

games. You will not be able to spend a thousand crore for the Asiad Games. The Information Minister goes for his Colour Television—all very beautiful things. But, for whom ? For 10% of India's population whereas 40 crores people starve. These are the people who are unclothed, who are unshoused, who are unhygienic. Where are the days of Gandhiji and Nehru ? In 1953, the same thing happened, if you can go back to that stage. Now, what did the IMF do ? The IMF tried to put the same conditions. Nehru discarded it. Yet, he went round the world and got us three steel plants, not one, at the same time.

You mentioned during your Introductory speeches while moving the Motion, that the 600 and odd million dollar that you bought from Euro-Dollar Market does not come under this 1.4 billion SDR. But you have not mentioned what will happen to Paradip Steel Plant for which you have to draw more than 2500 million Euro-dollars. If it is a loan of over 10 years or beyond that, it does not come under this IMF purview. Would Paradip Steel Project come under purview ? What happens to the Mysore Steel Plant—the one at Vijayanagar ? The other European group is waiting for it with its loan. Can you take that loan ? If you do not take that, do you propose to go on importing steel at that level of millions of tonnes, if you wish to develop the nation properly if you want internal development, if you want export development and so on.

Mr. Finance Minister, you know very well about the subsidy that you are paying for export promotion. You know the subsidies that you are spending on certain exports. I will give you certain figures of a past Government before us, when the same Prime Minister was the Prime Minister then. What happened to the export front ? There was a big cry: Export or Die:—That kind of a thing. “For 5 years,

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between 1972-73 to 1976-77, our export earnings increased annually by more than 20%". —Excellent performance! But how it was a spurious boom, I will just now explain to you. There were many cases where these facilities have been grossly misused. In one instance the quantum of cash assistance from Government to the exporter was as much as 118 per cent of net foreign exchange earned. In another case it was 146 per cent. In still another case 250 per cent. There is a peculiar case where cash assistance of Rs. 1.15 lakhs was given in order to realise a net foreign exchange earning of only Rs. 4,000 which means a subsidy of 2,875 per cent. This is how the game of subsidies is going on! Can you prevent such a racket?

So, you have two options. Continue this rocket of export to meet whatever for your rising import bills, even non-oil bills from Rs. 5,000 in 1979-80 to Rs. 14,000 in 1985-86 and your exports will be less proportionately. So, you will have more than Rs. 6,000 crores deficit at the end of the period from which your repayment begins, in the year the repayment of this loan begins when the interest rate would be from Rs. 500 crores to Rs. 700 crores annually. So, either you have to go with cash assistance which means more money spent by the Government to meet our export commitment to meet your foreign liabilities or devalue your currency as you did some years ago substantially to make exports profitable in rupees for the exporters. You earn these dollars and as you devalue your rupee in terms of dollar which is our substitute currency for this gap the exporter has to earn more rupees for the dollar. We are already down by 15% according to your own statement. Before I came here, I checked from the money exchange as to the price of dollar to-day. It was Rs. 9.80, already 18% up. So, your repayment value of this amount of 5.6 billion dollars-SDR-has already gone up by 18% more in rupees. Exports are becoming unprofitable. So

exports will go down, not go up. You will have to give more subsidy may be Rs. 5,000 to Rs. 10,000 crores. For the targetted export you will have to find almost 30% to 40% as subsidy, as the bills go on being presented to you Mr. Finance Minister, you are trying to get revenue from all sources including black money, white money, no money whatever it is, throwing the financial scruples to the winds. Even if that is permitted, even then you are not there. You are not at the point of taking off. I do not understand what has happened to this otherwise a very conservative person who would weigh every side before taking this jump? In 1961-62, I would take you back—you were a Minister then in your State. Later on you came to the Planning Commission and you had the picture of the whole country before you. What was the position of the controls and the foreign exchange position then? There was a gold control, there was an import control of tremendous proportion and there was a drive under Pandit Nehru for import substitution. All our Science Laboratories, everything under our national scientific institutes, were pushed to the brink for import substitution. All nations have grown like this. Japan grew only by substitutes. It did not import machinery but brought men, purchased men but not machinery. It purchased drawings, not equipment. Why have you gone in for soft option Mr. Finance Minister? You have been in the public services for the last 40 years. When Gandhiji said that we would do with 'Charka' and would not buy from Lancashire, from that time onwards you have been in public service. Now, where are you leading us, for what and why? For whose benefit this is done? Is it for 10% of the people of our country? How will this loan percolate down to the common man? Please tell us.

All the prices of inputs will go up. You will not be able to raise the prices of the food crops. Even the subsidy that you are giving today—food subsidy that you are giving to the consu-

mers—will be criticised and they would say that since you cannot pay back, cut this subsidy and cut that subsidy. They are bound to say so. It is an International Fund and it must get its money. You gave all the indications why you wanted this loan, but you have not said even one word how you propose to pay back. If this be the drawing of the outline by the IMF—from which I am reading—which you have accepted, of the balance of payment position from 1979-80 to 1985-86, how is it that you have acted parrot-like? How have you increased your imports both oil and non-oil products from Rs. 8,500 crores in 1979-80 to Rs. 21,000 crores in 1985-86. You say that you are going to produce thirty million tonnes of oil and seven million tonnes equivalent of gas; you are going to put up your own steel plants, your own aluminium plants, you have already taken steps to produce sufficient power or instal sufficient power houses which would generate sufficient electricity and help development in the area of coal etc. Why have you accepted this figure of Rs. 21,000 crores imports. Will you please explain. Why have you accepted this projection? Why and how has the Planning Commission accepted this projection? Where is your policy of tightening up? If you are going to borrow like, as some other countries like Poland did, you are going to suffer. Everytime the repayment comes, you will borrow more to repay them. In that case, heavy inflation is bound to take place. Similarly, monetary deflation is bound to take place and your currency is bound to be deflated. How can you avoid it? The more Rupee is deflated, the more effort it will need for the nation to find more rupees to pay for the same amount of dollars. Earlier, a dollar was equivalent to eight rupees, today it is worth Rs. 9.80; in another three years' time, it will be equivalent to Rs. 15 at this rate. We are a starving nation and should we go on like this? We have been begging before, and should we continue to work under the same system? Today, there is no Mac Namara, who thinks of the

Third World. There is a Mr. Clausen. He is not interested in the millions of poor people. He and their class cannot be interested; they live in another world.

Please explain to this House how you are going to repay this loan without bringing more misery to these forty crores of people which may become fifty crores in another five years' time, because there is no sign of their development, there is no possibility of investment for them. We may make some efforts in some fields, but the position remains almost the same. The number of poor is increasing; the total number of the starving people and the naked people remains the same. It is only 10 to 15% people, who are the bigger consumers; Govt. servants, members of the permanent services, and others, who will consume more. You will have lovely five-star hotels going up all over the country for the so-called travellers, but what about our men, who have been starving for decades, for three generations, for thirty-four years? We are not bothered about them; we cannot do anything for them. You have to change your financial system, if these 40 crores people matter to us, but it seems that they do not matter in this country. You befool them, we also befool them sometimes to get the votes and be here, and that is all we have achieved.

Mr. Finance Minister, the House will be grateful, we would be grateful if you can explain to us how precisely you would start paying this loan back from 1985-86 during a period of seven years without condemning this nation to further misery. Your promises are not enough. We may not be there at that time, but do not put these youngsters, who have come here without any knowledge of what they are entering into, who merely clap at what you say and at what the Govt. says, ignorant of the difficulties. I am reminded of the saying of Christ—"Forgive them because they do not know what they are doing or what

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they are saying". You made a very lively speech in the beginning. We do not accept that you discussed all the terms with them. I think, you clearly told them: "We will accept your terms; we presume your terms and accept them before you say go". "We do not accept IMF terms like this", you have said. You will accept what your Parliament says. Who is the Parliament, Mr. Venkatraman today? By votes? Then let this be voted and you would win as one knows in the normal course in this Parliament. You could have discussed this in Parliament earlier and said Parliament has voted it. This is my policy. I will liberalise imports for growth of multinationals outside and MRTP inside. Industries must show growth so that small sector, smallest sector, tiny sector is abolished. The carpenter, the Mason and the artisan are totally decimated. What else are you doing? You are bringing in the multi-nationals saying come and invest. On what should they invest? On carts or on basket making? Where should they invest? They will invest on more and more sophisticated machines, coloured televisions and so on. You have shown your efficiency. Railways have now got IBM. They ran it more efficiently before IBM. Now they want IBM to maintain it. Surely, we need all this because those things are dangling before our eyes in coloured bright stones. They say they are bright gems, but they are not really gems. Does the country need all this? My answer is positively no. My country needs that forty crores of starving people should find work and earn a little for their livelihood and also produce the goods of mass consumption.

Mr. Finance Minister, can you tell me that with this petty Rs. 5,000 crores, which is less than about Rs. 80 per capita, how can you solve this nation's problems? No nation, no fund, no bank from outside can help this nation. This nation itself must be put to work. You have come to

such a situation whereby you can take the entire people of this country and say you and I shall put ourselves to work. Has your Government, which has won the election, still have the moral confidence of the masses and put them to work? There lies the secret of your success, Mr. Finance Minister, not in these borrowings. One Rupee extra a month's production by 68 crores of people will give you sufficient resources. So, if you do that only, this nation will come to terms with itself and grow self-reliant; but not with the soft options, Mr. Finance Minister, that you have pursued. Soft options everywhere. You want to postpone everything and get out of the situation now. I say you are getting out admirably saying that people of India will not have to buy Indian goods, because you have tightened the internal money more and more, so that your own industry will suffer, your production will suffer, the small producer will suffer, but you have enough money for these three or four years to buy anything from outside. So, you will provide employment potential for these developed countries and take away potential from your multitude. This is what you are going to do. This is obvious, patent. One steel plant provides work for one hundred thousand man years. We cannot produce all the steel plants ourselves.

We need to import steel plants because we are importing more than that steel that would be produced otherwise in the Steel plants. You know all this. Having known all this, how did you opt for this? This will remain a constant surprise to me, Mr. Finance Minister. Till my death you will not be able to convince me otherwise, for I know you for the last 30-40 years. How have you allowed yourself to be duped in this fashion.

With this, Sir, I strongly oppose, the idea of this Extended Fund Facility. The Government has contracted it. They have the majority, they will cer-

tainly pass this resolution, but with this, I don't know who has been duped. I am sure the Prime Minister of India herself has been duped in this whole system of the situation, by glib talking or glib reference to figures, but duping at the apex and duping at the bottom, this is what would be the end result. And again, I am vicariously happy to be one with him.

यावत् जीवेत् सुखं जीवेत्

ऋणं कृत्वा घृतं पिबेत् ॥

SHRI CHANDRA SHEKHAR SINGH (Banka): Mr. Chairman, Sir, while participating in this discussion, I would like to express my satisfaction that at least the question is being analysed from the angle of an economist. Outside the forum of this House, this question is being sought to be discussed more from a politician's angle than from an economist's angle and that is likely to generate some heat for some time, but not much light on the subject.

I share the feeling of many Members here that our Government is sometimes forced to postpone hard economic decisions, because of the political parties' propensity to use this for political ends, even at the detriment of national interests.

This loan for SDR £ 5 billion to India is the largest loan ever approved by the IMF and this has been possible in spite of the American hostility. This is, indeed, I consider, a tribute to India's international credit rating and an assurance of the good health of our economy. It is a welcome change, since the IMF has generally extended this facility to the rich nations. It is also significant that the IMF was able to resist the US pressure to politicise the issue. The total loan has been advanced as has been explained by the Finance Minister, and in spite of the very hard exercise of arithmetic by Shri Patnaik exactly at a weighted average rate of interest of about 10 per cent: the prevalent rate

of interest in the international market being 18-20 per cent. This is definitely cheap credit and not at money-lender's rate as has been alleged in some quarters.

Now, why was the loan necessary and what were the options available to us? As has been pointed out by all the Members participating in the debate, we have been facing an acute balance of payments crisis and the situation has been aggravating since the last four or five years. In 1980-81, our exports have been of the order of Rs. 6,700/- crores, while imports have been of the order of Rs. 1,10,300/- crores, leaving a gap of nearly Rs. 5,600 crores, to be exact. This year's trade deficit, as has been explained by the Finance Minister is projected at about SDR £ 3 billion. The primary cause has been the sharp increase in the price of crude oil and oil products, which has gone up by leaps and bounds during the period 1973 and 1980.

We have also to have essential imports of selected consumer goods like foodgrains, sugar, vegetable oil, machinery and equipment, as also intermediate goods like metals, fertilizers, chemicals etc. And all these have added to the burden of imports; and our import bills has been rising sharply. That they are unavoidable, has been accepted in all quarters. Added to these are the present requirements for our defence needs, in the face of the arms build up in our neighbourhood.

The foreign exchange reserves have been declining, and stand today at nearly Rs. 3700 crores. I agree with many of the Members speaking from the other side that a number of steps are possible and should be taken to cut down our imports and improve our export position. Something can be done to reduce even the consumption of crude oil in our country. And some of the imports fall certainly in the category of avoidable imports. But all these we have admit,

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may have only a marginal effect on the balance of payments position. The situation can be reversed considerably only if we achieve an appreciable increase in the production of oil in our country, for which we have already initiated a bold programme. The firm figure of availability and production of crude oil in our country by 1-1-1985 is 30 million tonnes, or may be even higher. To-day, it stands at only 12 million tonnes.

It is very significant to note that this loan would be utilized primarily for oil exploration and development. Shri Biju Patnaik was at pains to discuss here how this was going to percolate to the common man in this country. This is going to percolate to the common man in this country, because this loan shall be utilized, to reverse the present trends in balance of payments position. We will be able to achieve self-sufficiency in oil ; and through that, we shall be able to divert our resources, towards our anti-poverty programme, and to meet the basic requirements of the weaker sections of our society.

Mr. Chairman, India achieving self-sufficiency in oil in 1990-91 appears to be within the realm of possibility. It is for this that loan shall be utilized, and has been asked for.

The present crisis, I would like to emphasize, has a definite time dimension. The next three years are going to be critical. Any package of measures designed to deal with the crisis shall take time ; and management and augmentation of foreign exchange reserves for the period of transition, or gestation as we may call it, is extremely urgent. We cannot cut down our imports and bring our industrial and agricul-

tural activity to a standstill. It cannot be done, in the interests of the country. What was the other option ? The other option was that we could have gone in for commercial borrowings, in preference to the IMF sources. In that case, the rate of interest being 18% to 20%, the debt repayment burden would have been much heavier, because the terms were harsher. So, this option was available to us, but at the cost of national interests.

If we could have gone in for commercial borrowings in the international market, we would have been subjected to the same kind of performance review as in the case of IMF. We would not have gained any advantage by going in for commercial borrowings in preference to the IMF loan because it is clear that any creditor would like to make the transaction as safe as possible.

I am confident that the loan would be used not for financing the trade deficit but to reserve the present trend and tackle a very difficult and baffling situation. More than any of us, the IMF itself is confident that the loan would be put to good use. The options available to us were much harsher and more stringent. Therefore, the Government of India thought it prudent to go in for IMF loan and it is a success of diplomacy there that we have got the loan and would be utilizing it for the purpose of development.

It has been repeatedly argued by some of the opposition members, and has been referred to in the substitute motions here that the loan would abridge our economic sovereignty. We must, first of all, realistic and recognise the fact that the concept of economic sovereignty is a relative one; it is nothing absolute. In the present day world where any nation cannot keep off the powerful influences emitted by other nations, in our trade relations, we cannot assert

that we are economically 100 per cent sovereign. No country can claim it. The very fact that we made an application and so many countries are going in for foreign aid is indicative of the fact that no country has prospered without foreign aid and entirely on its own resources.

India itself, I would remind the House, has been a party to the IMF concept of borrowing and the pattern of conditionalities in relation to large borrowings. India has indeed been one of the sponsors of the Extended Fund Facility arrangement, specially tailored to meet the medium term requirements of developing countries. On that crucial issue what we have done is that we have retained our option to decide the issues on our own and in our national interest.

I would like to come to the conditions about which a detailed analysis has been sought to be made by the opposition members. The conditions are of two kinds. Binding conditions which if violated would stop the inflow of loan; and there are prescriptions for improved performance of the economy as a whole. What are the binding conditions which we must follow; which we must accept so that the next second or third instalment comes to us? The binding conditions are: the ceiling on domestic credit and money supply and ceiling on borrowing from international commercial banks. I would deal with them one by one.

A policy of credit and monetary squeeze is a crucial element in our anti-inflationary programme, and this programme has seen the signs of success. During the debate on price situation in the last session, the Finance Minister made the point very clear and subsequent facts have corroborated what he claimed on the Floor of the House. The wholesale price index during this year shall rise in a single digit

figures which is a creditable achievement for any Government in any part of the world. Our economy calls for the fiscal and monetary discipline to keep the budget deficits within marginal limits. A proper credit policy is being evolved and pursued so that the small sector, tiny sector, or the medium sector or the essential sectors are not denied of the credit requirements but in any case a tight money policy shall have to be pursued to contain inflation. It is, therefore, nothing to object to, when we have accepted this ceiling on credit or money supply.

Now, about the ceiling on non-concessional foreign loans. It has been said by my good friend, Shri Sunil Maitra that this loan and this conditionality would reduce India to a status of a 'tied client'. The position is amply clear and should be clear to this House that this mechanism has been introduced for the debtor country—in this case India, may not go on rolling the debt, go on borrowing to meet the repayment obligation. Many Members said that we would be falling into the debt trap. Debt trap is when 'you cannot get out of it'. We borrow in order to repay and go on borrowing. This mechanism, this ceiling has been put there just to save us from this situation and it is true that our Government has accepted this condition put forward to them on behalf of the I. M. F. We have Brazil's example in this connection. Their foreign debt service obligation come to 16 billion dollars this year, just because they went on rolling their debt, they went on borrowing to meet their repayment obligations. It is, therefore, necessary that this condition should be adhered to in the interests of our country, in the interests of re-payment this loan which is essential.

Now, there are certain prescriptions, which might be adhered to and we have to adhere to them. They are not musts for us. But we have

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agreed to them because they are good for our economy. They form part of the accepted policies and goals of our country and parliament. They form part of our Sixth Plan documents. It is, therefore, that we have accepted these prescriptions. A structural readjustment of economy is called for to control inflation, to improve the functioning of the public sector as also the infrastructure sector, to increase production and to improve our balance of payments position. The gradual cutting down of subsidies, the revision of power tariffs, elimination of subsidies, corrections in administered prices of public sector products, reform of tax administration, all these have been accepted by Parliament. Many of these measures were vociferously advocated by the Members of the Opposition.

MR. CHAIRMAN: You may conclude now.

SHRI CHANDER SHEKHAR SINGH: The prescriptions laid down by the I.M.F. are consistent with India's accepted policies and goals. We stand firmly to honour our commitments to the weaker sections of our society, to the growth and strengthening of the public sector and to improve efficiency in our economy. Indeed, these measures are sought to root out the imbalancing factors in the balance of payments position. In fact, the IMF has softened its conditions which the large size of the loan might have attracted otherwise. A reading of India's 'Statement of Economic Policies' presented to the IMF Board would make it evident

that all that we have done is to give them the bill of fare or steps we have already taken. They have not insisted that we make any distinct departure from our policies.

I would not refer to devaluation because it has not been raised and even the informed critics have not mentioned it.

Thus our Government can assuredly assert that the loan has not and shall not be permitted to interfere with our declared objectives and shall be used to promote our national interest.

The loan has significant political aspects at the international level. It was approved in spite of US reservations and for the education of my friend, Shri Sunil Maitra, because US was not in a position to veto it. He perhaps suffered under the impression that they could have vetoed it and that they were kind enough not to veto it. The fact is that this option was not available to US. Therefore, they could not veto it. The IMF has taken the decision because India has the capacity and they will to repay it in time. It has asserted its right to function free from political interference. It is noteworthy that even the western nations did not conform to the US perception of our requirements for development. It is very significant. In fact, it is not only India's case. The US concept of developmental assistance to the Third World has been rejected by the IMF. US is pursuing today a definite policy of anti-aid and India remains its prime target. The United States had indeed launched a campaign against multilateral lending to India. But it has not succeeded. The credibility of the Reagan Administration on this issue has completely collapsed. They have not been able to stop this loan coming to India.

Nothing can be more eloquent than this quotation from 'The Wall Street Journal' which says :

"To us, however, the loan looks like a manoeuvre to evade a decision by the US Congress to reduce sharply the sort of hand-outs through which India has been sustaining socialist development policies....India, for example, is one of the third.

world countries, which is most hostile to direct investment by multinational corporations. It has spurned hundreds of millions, even billions, offers of market financing from international commercial banks."

The Wall Street Journal had clearly explained the situation which India was facing while the loan was under consideration. India's stated position has been that our loan request has been consistent with the requirements laid down by the IMF. I may tell you that this is also consistent with our policy to keep our head high and maintain our dignity and prestige. This is Indira Gandhi's Government and not the Janata regime when India went unnoticed in the word forums.

Particularly for my Leftists friends I cannot resist the temptation of reading a quotation from the recent issue of "The Eastern Economist" because they have been most vociferous in criticism of the IMF loan.

"The irony of it all is that the Fund Management and the Government of India have had to wage their common battle on two fronts, the combined onslaughts by the market economy men in the United States and the politicians and economists of the left, on the leftist fringe, in India against the loan is one of the amazing coupling of strange bedfellows that there have been for some time in the affairs of nations."

Not only for the Wall Street but also our leftist friends here, who are waging common battle against us, I may say, though the Finance has referred to it, that it is within the knowledge of USSR that even Communist countries like Hungary and Poland have applied for membership of the IMF. What for is it? If even Hungary and Poland appear to see our way and agree with us, I hope our Leftist friends would not waste their persuasion over them.

SHRI C. T. DHANDAPANI (Pollachi) : Mr Chairman, I rise to support the motion, moved by the Hon. Minister, dealing with the efforts which are being made by the Government for a loan from the IMF. After the brief note given by the Finance Minister on the previous occasion, the doubts and misapprehensions which prevailed over some sections of the people have been removed.

So, I do not know why some mini politicians and economists, even some critics who differ in ideology, made such scathing attack on the Government, stating that it has surrendered its sovereignty to the IMF. It is also argued that our economic sovereignty is eroded. The public also felt that some damage has been done to the pride of our nation. But after the *sou motu* statement of our Finance Minister the other day, all the doubts have been cleared.

This is for the first time that the Government of India is borrowing a large amount. They have not gone for any commercial market borrowing from any country so far. I think our friends on both sides would agree that there is a trade gap and Government need some money to get over it. From where and under what conditions are the only two questions which we have to consider.

[Sh. C.T. Dhandapani]

The Hon. Finance Minister said that this fund is available at a cheaper rate of interest and, at the same time, without surrendering our dignity or pride. So, everyone will agree that this should be availed of.

Sir, Even the New York Times has stated :

"The International Monetary Fund is not seeking to attach any unreasonable conditions on the balance of payments assistance India is seeking, nor making controversial demands that India devalue its currency."

16 hrs.

It is reported further in the *Hindustan Times* dated 11th September 1981 as follows :

"The American newspaper described the terms of the proposed loan as signalling "a shift away from restrictive financing" policies and procedures often characteristic of IMF loans in the past."

Therefore, the IMF has not stipulated any strict conditions on the loans which are being given to the Indian Government.

The IMF is a lending institution. Funds are made available to its member countries when sought for a particular purpose. India is a founder member of IMF ever since its inception. India has always been represented in the Executive Board of IMF. IMF's standard conditions are well founded. When a member country is facing serious balance of payment difficulties, the resources are provided by 14 countries including a non-member, Switzerland. The assistance is purely on commer-

cial terms. This is given as a medium term loan to tide over the situation without faltering in development effort.

According to the Managing Director of IMF, Mr. De Larosiere, periodic consultations are held even with the countries which are in surplus in their payments to see whether the prescribed fiscal policies are being followed.

The same Managing Director recently visited China. When he was addressing the Chinese audience he said,

"The exercise of surveillance is fundamental to the Fund's functioning. It applies to all members, rather than being limited only to those countries issuing Fund's resources.

If it is to be effective, it has to be exercised in a symmetrical way on deficit and surplus countries alike".

Therefore, periodic consultation or review of performance is not a new practice and not an encroachment on our sovereignty but quite an established and long-standing practice under Article IV of the Fund's Charter which obliges every member to have periodical consultations with the Fund, particularly on exchange practices.

Even as early as in 1953 India had some sterling balance left and was thinking of taking foreign aid. The Bernstein Mission came to India and studied the economics of it. The Indian Government then offered to take its views into consideration in formulating its policies but within the framework of the social and economic objectives set forth in the First Five-Year Plan.

Even the European Economic Community has accepted certain

conditions. When the United Kingdom availed of loan from IMF similar facility conditions were imposed upon it and it did not lose her sovereignty.

Beijing is a member of IMF. New loan up to 381 million dollars was given to China with some conditions of rationalisation of monetary activities.

Knowing well the conditionality, Hungary and Poland seek membership of IMF. I do not think a Communist country would like to lose its sovereignty to an agency controlled by western countries.

The present arrangement is a pre-emption for the coming years expecting some deficit.

As our Hon. Minister has stated, if Bombay High goes through well in time India need not avail further loan. Any time that could be surrendered.

As far as payments are concerned, it has been stated here as to how payments are going to be cleared. Even the Committee of International Monetary Fund and World Bank have stated :

“the strategy also recognises the large export potential presented by India, diversified industrial sector and agricultural sources. The measures to promote external adjustments in these areas require a large set of investment including efforts to overcome existing bottlenecks in infra-structure.”

So, if this is followed, certainly we will not be in a position to make good the amount and repay the loan.

It has been stated here the priority sector is going to be the target of this loan. That is the condition of the

IMF. It was told. I do not think so. Even the note prepared by the ASIAN and Exchange and Trade Relation Department on 6th October, 1981 said about small scale industries :

“A more pragmatic approach is being developed towards the small-scale sector. While the list of items reserved for this sector has not been revised, greater emphasis in the implementation of policies is being given to considerations of efficiency and production.”

Another important matter also is here. Here the interests of the weaker sections will be taken into consideration. That is one of the conditions stipulated by IMF, it was told. IMF staff prepared a note and submitted to the Committee which states :

“Credit allocation policies will aim at encouraging development of the priority and weaker sections of the society in line with the overall objectives of the Plan. Public Sector banks are expected to raise the share of total advances allocated to priority sectors from 33 per cent to 40 per cent by 1984-85. Within the overall target, it is planned that 40 per cent of lending to priority sectors will be earmarked for agriculture with about half or direct lending to agriculture and allied activities being directed to small-scale farmers and agricultural labourers. It is also expected that 12.5 per cent of the total credit advanced to small-scale industries will be reserved for rural artisans, village craftsmen and cottage industries.”

On this base our Hon. Finance Minister has brought National Bill for the Agricultural and Rural Development.

Somebody wanted to have some public debate. It is good that the public should also know the criteria,

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should know the essence of this agreement. Public should know but public should not be misled by saying that poor will be benefited. It is a matter of common knowledge, a matter of common sense—unless you are in a position to fill the gap, foreign credit gap, we are not in a position to do any developmental work. Unless we have developmental work, certainly unemployment will prevail, production cannot be increased, prices will increase. Therefore, in this connection I would like to say IMF loan should not be made a political issue. It should be looked as a step for the welfare of the whole nation.

I want to conclude as I have to go.

We must make of foreign technology. As far as technological know-how is concerned, no country in the world has the fullest knowledge either U. S. S. R or U. S. A., or Germany, Japan whatever it may be. They are lacking in some field. So, there is nothing wrong to invite technology from foreign countries and make use of them in our country for the prosperity of this nation. So, I would like to emphasise on that.

Another important thing is the management. Of course, we have many public sector institutions which have to be properly managed. Unless it is done, it very difficult to achieve our targets in the matter of production. We must concentrate on these things, particularly on those items which are being exported to other countries. Sir, I do not want to say many things because our Hon. Minister has already said it in detail.

Before I conclude, I would say that this IMF Bank staff have welcomed our plan proposals, that is the Sixth Five Year Plan proposals. They

always emphasise on the monitoring point. It is good for all. It is good for the country also. Because, there is no point in investing money without monitoring. There is no point in investing money in a particular place and simply sitting at one side and doing what they like. In that way, we could not achieve our target. So, that aspect should be looked into.

Many economists have opined that there should be a cut in non-productive expenditure. That is very important. Then, reduction, if possible, in certain items, should be made. Emphasis should be on the import substitution rather than import for export promotion. And, I hope, a more efficient management of the economy could help tide over the current balance of payments position in the larger interests. By saying this, I welcome the move taken by the Government and the Hon. Finance Minister and I also request our friends sitting this side not to make this issue a political one. I hope, he would also give good support. Dr. Swami was asking why it was not placed on the Table of the House earlier. As you already said, if it was placed on the parliament certainly our friends would have collapsed. Then, it would be very difficult for any country to get loans. By saying this, I support the motion moved by the Hon. Finance Minister.

SHRI KAMAL NATH (Chhindwara): Mr. Chairman, after hearing a few speeches which I have heard from my Hon. friends in the Opposition, I was a bit disappointed with the rhetories and the political criticism being made. The IMF loan which is the largest in the history of the international funding organisation, is an exceptional event, and exceptional event calls for an exceptional honesty of purpose. It is unique for India to be the recipient of such a large loan because such enormous loans are never given to a

country which does not have an impeccable credit record. So, what amazes me is that none of the speeches from the Opposition has contained any viable or practical suggestions. I could have understood a constructive approach to this whole debate, to this motion, if there were some viable suggestions as to what was the other alternative before us. We know, today there is a trade gap ; there is a foreign exchange gap. So, what would have been really constructive would have been some viable suggestions as to what was the alternative to this IMF loan. I am sure, if it had been our predecessor Government, the IMF would not even have bothered to consider this loan, leave aside granting it or, even better still, I do not think the predecessor Government would have reacted to the situation and would have even realised that there was a shortfall of foreign exchange or that there was a trade gap, leave aside acting on them. We have seen the track record of the earlier Government. This track record is very revealing indeed.

There has been a lot of criticism in the press and on the floor of this House about this loan. I can see the point of honest doubters because a doubt can arise because of wrong information or scanty information. But what I cannot see and what I cannot find any solution to is; how do we remove the misunderstanding of those people who refuse to understand? So, not being able to deal with this part of it, I shall move on to the White Paper which has been prepared in the form of a booklet issued by the Government of West Bengal.

I am told, this booklet, which has been produced by the West Bengal Government is prepared by a former World Bank employee who is now the Finance Minister of the

Government of West Bengal. It is really taking things too far. I can understand if any Marxist friends differ with the Central Government, if the C.P.M. as a party differs with the Government. But for the Government of West Bengal to put its own stamp on it and produce it as a Government document, as a document against the Central Government, is taking things a bit too far. In passing, I would like to record my protest against it.

Having recorded my protest on this, I want now to refer to specific sentences....

MR. CHAIRMAN : He has done it as an expert.

SHRI KAMAL NATH : I am coming to that expertise.

SHRI R. VENKATARAMAN : May I correct you? It is not signed as an economist or as an expert. It is signed as the Finance Minister, Government of West Bengal.

SHRI KAMAL NATH : This booklet has been produced by the Government of West Bengal in November, 1981, printed by Sree Saraswaty Press Limited (under the West Bengal Government's management). I am talking of the press and the management. I refer to two specific sentences which are very revealing. One of the sentences is :

“By accepting the IMF loan, the Government is bartering away the sovereignty of the country.”

The other sentence is :

“This is a move by the Centre to curtail the rights of the States for developmental expenditure.”

How preposterous these statements are. I want to ask the Marxist members present in the House as to

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how does our sovereignty get bartered away and how does the loan curtail the right of Mr. Jyoti Basu to govern or to be accurate to mis-govern the State of West Bengal. The only conclusion I can come to is that this is an abortive, a futile, attempt by the West Bengal Government to camouflage its own financial mismanagement.

Let us not forget that the West Bengal Government today has the largest overdraft with the Reserve Bank. Now, its financial mismanagement is going to be exposed. I think we should look at the IMF loan rationally, rather than emotionally. For, I think that this loan is being criticised for what it is not. Many of my Opposition friends and many notable economists in this country, have commented upon it. One of the peculiar comments has been that this loan represents a physical increase in our liquidity. They say that it represents an increase in our monetary resources. This is far from the truth. The IMF loan does not represent any increase in our budgetary resources. In fact, it cannot. The IMF loan does not bridge any budgetary gap. As a matter of fact, it is only an overdraft across the foreign exchange counter and it only increases the line of credit of the Reserve Bank of India, with the IMF. It is merely a book transaction. It does not affect our domestic economy in any way. It just gives us some breathing space to be able to readjust. It just gives us a little bit of elbow room without affecting the monetary position.

DR. FAROOQ ABDULLAH (Srinagar) : I hope that my friend will remember that this is exactly what Mr. Harold Wilson said that the pound in your pocket is exactly worth 20 shillings when he

put in certain proposals. He said that the pound in your pocket will be 20 shillings and later on, pound became 15 shillings. Let us remember whatever we are saying. We should be sure that tomorrow also, we will be able to stand by that.

SHRI KAMAL NATH : This only increases our line of credit on the international foreign exchange counter and this line of credit will have to be re-drawn when we have to make this payment. This is being made out to be a political decision rather than a financial decision and the question which is being put many times is that we have bartered away ourselves to foreigners. My point is that : Is IMF a foreign power ? It is not. An Indian representative sits on the Board of the IMF. It is for you to understand. The same Indian representative passes judgments and also lays down all the conditions, if any, when other loans are sanctioned. So, I think we should look at this loan without any particular ideology. We must look at it dispassionately.

The question is : Was there a foreign exchange shortage and, if so, what was the quantity of this foreign exchange shortage ? Here we must know that the amount of loan we have got has been worked out carefully looking at our medium term requirements. No doctor prescribes less antibiotics for the sake of economy and if a pair of shoes costs Rs. 100/- you cannot buy one shoe and pay Rs. 50/-. This has been worked out carefully by the Government and we have come to a figure which has been worked out considering our medium term requirements. But, it is interesting to know that the Americans have also been saying the same thing. The Americans have been saying that we do not require such a big loan. The Americans have said that there is no serious foreign exchange problem in India which warrants such a loan and this

is what Mr. Donald Reagan, the American representative said on many occasions. Interestingly, many of my friends in the Opposition have also said the same thing. I am surprised by the closeness and the similarity of the arguments put forward by the Marxists and the Americans. Both of them have been saying that we do not require such a loan. Both of them have been arguing that our balance of payments position is not so bad. The only additional charge in the Marxists argument is that we are bartering away our sovereignty. I think it is an irony of history that Marxists and the Americans are sharing this common platform of decrying this loan. Poland has been mentioned briefly. For my friends who do not understand even what IMF stands for, I would say this. Poland has applied for membership of the IMF. The IMF is not a Cricket Club or a Football Club. They have applied for membership of the IMF. It was in the last week's issue of *News Week*. They have applied for it with the permission of Moscow; they have applied specifically to enable and entitle them to take a loan. By the same logic, Poland also would be bartering away its sovereignty, Poland would be imposing on themselves these conditions, well, I would like to hear arguments about this.

Some of the suggestions which have been put forward in this booklet have been dealt with like selling of the gold. We had a bitter experience of that. Now, what is the quantity of gold that we have today? Would that solve our problem? We have a quantity slightly in excess of 215 tonnes. Would that solve our problem?

Another thing which has been suggested and which is ridiculous is borrowing in the international banking circles. If we borrow in the international banking circles, let us

be very clear on one thing. We have done it before and perhaps we will be doing it again. The international banking circles will examine in detail our ability to repay and our desire to repay. About our desire to repay, there would be no doubt. But when international banking circles examine our ability to repay, they would impose conditions; they would also impose conditions of financial management. So, this was a ridiculous argument. Forget about the fact whether the interest rates would have been higher or lower.

Another alternative suggestion given in this booklet is that we could have got concessional loan from the OPEC countries. I do not know which OPEC country is standing round the corner with concessional loan for us. Perhaps, Mr. Ashok Mitra can enlighten us on this, and I do hope that he is able to negotiate a loan for the West Bengal Government on concessional terms from any of the OPEC countries. I would like to see which OPEC country is willing to touch the West Bengal Government's proposal....

DR. SUBRAMANIAM SWAMY:
Why don't you try to borrow from Galadhari brothers?

SHRI R. VENKATARAMAN :
From whom did you try to borrow ?
You want more details—from whom you tried to borrow and for whom also you gave many concessions ?

DR. SUBRAMANIAM SWAMY:
Why don't you put all those papers on the Table?

SHRI R. VENKATARAMAN :
You ask a question and I will do.

SHRI KAMAL NATH : Another thing which comes to my mind is this. (*Interruptions*) I hope it does not give them any ideas. My friends in the Opposition were quite capable

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of going to the High Court or Supreme Court on this and getting a stay. Going by the state of our judiciary at present, I am sure one of the courts would have given a stay order on this because in a country where courts can stay punishments on murderers and rapists, this was also within the realm of possibility.

I would request my friends to look at the application made by us under the extended fund facility. In what way does it compromise on our economic policies? May be, there are some conditions. These have been said over and over again. I need not elaborate on those. May be, some of the conditions imposed by the IMF are a part of our Policy Resolution made over the last 10 or 15 or 20 years. They are not based on any Policy Resolution which we have made in the last one year. Are they or are they not based on our Policy Resolutions made over the last decade or last two decades? This is the question which I would like to ask.

There are many other points on which this loan is being criticised. Some of them are so ridiculous and I would not waste the time of the House going into those. I shall not endeavour to teach our friends any basic economics. But I shall briefly dwell on some of the points. Basically, the terms are a re-statement of our Finance Minister's Policy Statement. What is the Policy Statement? There are three aspects of the Policy Statement which we must really consider. That is with regard to the investment policy of the private and public sectors, import policy and the credit curtailment. Now where the question of investment of private and public sector is concerned, our policy statement has been made over and over again. It has been made by

the earlier Government. It has been made several times over. So, is there anything new? The point is : Is there anything new or is there any special condition which abridges or abrogates our policy on the private or public sector? We have decided that we are going to have the policy of a mixed economy in which both the private and public sectors will stay. In the Sixth Plan, the percentage of investment of public sector as a percentage of the GDP is higher than what it was in the Fifth Plan. So this argument does not hold any water.

Then with regard to import policy, the import policy is made every year, year after year. Sometimes it happens that the import policy in certain areas is liberalised and in certain other areas it is made more tougher. I am not for a liberalised import policy. I am much against it. Are we to curtail our import bill for import of the latest technology ? And this is what our policy statement talks about. It talks about the latest technology.

When we come to credit control and money supply position, in the Budget speech of our Finance Minister in 1980 and 1981 much has been said. In the debates much has been said—on the credit policy and the money supply situation. I, personally standing here in this House, have spoken in the same way what control we should exercise on our money supply position and on our credit policy. This is exactly what the IMF has said. There are normal financial and prudent economic policies. There is nothing strange. There is nothing unusual about them. In a nutshell, the IMF conditions are in consonance and consistent with the declared policy not only of our Government but also of the Janata and Lok Dal Governments. We had the famous Rolling Plan which was conceived by the Janata Government. It contained the same thing....

DR. SUBRAMANIAM SWAMY :
What ?

SHRI KAMAL NATH : It contained the same concept of the private and public sector and the same question on import policy. Forget our approach paper. Forget the Plan which we have made. Let us talk only of the Rolling Plan which was made by the Janata Government. The thing is that we have recognised the gravity of the situation. Our Government was competent, was capable and capable of recognising the situation and we were able to borrow. If we had not borrowed to-day, we would have to beg to-morrow. So I really congratulate the Finance Minister that he has been able to achieve this notable success.

Many of the Opposition friends talked about the balance of payments position, that it is peculiar to our country and that it is isolated to our country. I would like to set at rest this fear, this apprehension of theirs. A very recent example is the USA which had a balance of payments problem in the seventies and they had to abandon the gold standard because the dollar went down plummeting in relation to the Duetche Mark, the Japanese Yen and the Swiss Franc. The Indian balance of payments problem, rather than being of our own seeking, was the cumulative effect of the global situation on which we had little or no control.

DR. FAROOQ ABDULLAH :
They raised the bank rate and got the Arab money.

SHRI KAMAL NATH : The real solution, as I see it, lies in augmenting our agricultural surpluses.

This is because 80 per cent of our population depends on agriculture and that is the sector where the real dispersal of wealth can take place. If we see the last 30 Years of our history, we will find that it is the agricultural sector which has pro-

duced a better record than the industrial sector. It has given a far better account of itself and there is no doubt about it. A tonne of good Basmati rice, when exported, can fetch us three times the cost of crude oil at 37 cents a barrel. It is by laying a greater emphasis on agriculture which we are going to do in our Sixth Plan that we will be able to tide over the problem which we have to-day which will give us the ability to repay this IMF loan because it has been said that this is a legacy which our progeny will talk about, which our progeny will complain about.

The main point is, we have to tap all the non-traditional sources of exports.

MR. CHAIRMAN : I hope, you are concluding now.

SHRI KAMAL NATH : I am concluding in another two minutes.

MR. CHAIRMAN : All right.

SHRI KAMAL NATH : They interrupted me. So, you must not cut my time.

The main point is that we have to step up our own non-traditional sources of export earning in the shortest possible time. So, the catch word of the day should be production for export rather than export what we produce. And in the new scheme of things, agriculture holds an important place. After all, out of the 140 million hectares of arable land that the country has, at least fifty per cent is open to multi-cropping and there are areas where even 3/1-2 crops are possible. If the Sixth Plan targets are achieved, India will have surplus food-grains to export.

Sir, on this occasion, I would like to point out to the Hon. Finance Minister that the reprieve we have got should in no case be misused. For example, while formulating our

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import policies we must ensure that we do not liberalise the imports in the future years. No allowance should be made for conspicuous consumption. It is a narrow elbow room allowed to us to put our own house back to order and it is a challenge before us to be able to meet this situation and to correct it. This is only a temporary relief to us. It is like having an anacin or aspro. This is a relief—not the cure. The cure will come only when we are able to tide over our foreign exchange difficulty.

Before ending, I would like to appeal to my friends from the Opposition not to become prisoners of their own set beliefs. We should look at the successful example. My friend, Shri Biju Patnaik read out something about Tanzania. It is in the same book.

AN HON. MEMBER : He mentioned about Jamaica.

SHRI KAMAL NATH : I am sorry. He mentioned about Jamaica. He also mentioned about Bangladesh. But, nobody mentioned about Brazil its success story. It has taken IMF loan and Brazil has been successfully able to utilise this loan.

PROF. MADHU DANDAVATE : Though there is a military junta there, they refused to accept this limitation that there will be no commercial borrowing.

SHRI KAMAL NATH : Not at all. In fact, our terms are much better than Brazil. We must look at the successful records of this country which has also borrowed IMF loan.

In conclusion, I would only like to say that when reason, logic and rationale are not on one's side, one has to resort to rhetoric and jargon and this is what we have witnessed from our Opposition friends in the last few hours.

MR. CHAIRMAN : Shri Bhagat.

SHRI B.R. BHAGAT (Sitamarhi): Mr. Chairman, Sir, although I am speaking from this side of the House, I have no hesitation in supporting the Finance Minister's motion. (*Interruptions*) I say this because this country, since Independence, under the inspiring and great leadership of Jawahar Lal Nehru, Lal Bahadur Shastri and the present Prime Minister, Shrimati Indira Gandhi, has followed a particular economic policy.

DR. SUBRAMANIAM SWAMY : You refer to Mr. Desai also.

SHRI B.R. BHAGAT : I shall come to it. Don't worry. You will pat me when I refer to him. (*Interruptions*) They should know that this is a great country the second largest countries in the world. It was the policy to build socialism through consent in this country and followed a Buddhist philosophy—the golden mean or the middle path—avoiding both the extreme left and the extreme right. Sir, in the long journey of evolving national economic policy it came under attack in this House—I have personal recollections of that both from the Left and the Right but this policy has stood the test of time. It stood the tortuous journey of building an independent economy in this country. I will refer to some of them because I had long association in the fifties and the sixties in some form or the other—in formulating and implementing this policy in this House and at international forums throughout the world.

Sir, actually we must give credit to the Finance Minister. If you examine dispassionately the terms of the loan you will find that he has done a great job. (*Interruptions*) I say this because in a given situation that the country faces today had there been Shri Deshmukh, I.T.K. or even Morarji Desai—for the benefit of

Mr. Dandavate and Dr. Subramaniam Swamy—they would have done the same thing which Mr. Vankataraman has done very ably today.

Sir, I am surprised that the Members are taking objection to an arrangement with a multilateral agency like IMF. It has been the policy and time without number it has been debated in this House that for India, a third world country and a developing country which is trying to preserve its freedom most ardently, it is better to go in for multilateral arrangement in regard to external loan or assistance. When TTK negotiated loan he arranged it with consortium countries and that had formed part of the budgetary resources for a number of years uptill now. The IMF or were particularly the World Bank was the agency through which this external arrangement had taken place. Again IDA loan or soft term loans were through a multilateral agency. We were very reluctant to have private investments. One of the complaints of the industrialised countries was that India was not having enough private investments. When the matter was raised before Shri Deshmukh and TTK they gave economic answers to it but when it was raised before Morarji Desai—again for the benefit of Mr. Dandavate and Dr. Swamy—he told them bluntly and said: "You want me to contract loan so that I may not be able to pay back. I want only that much of loan which I am able to pay back." That has been the policy in the external arrangement. Sir, it was said that external debt figure is to the tune of fifteen thousand crores and with this loan it will further increase. But, Sir, what part of the total GNP it comes to ! what is the record of this country as compared to other countries ?

PROF. MADHU DANDAVATE : Fifteen thousand crores comes to 11% of the national income and it will increase to 16% after this loan.

SHRI B. R. BHAGAT : Even then it is manageable. When the Finance Minister says so then we should accept it.

The private Capital inflow only from 2 per cent of the—GDP in the Sixth Plan. The private investment is only 2 per cent of the G. D. P. in the Sixth Plan That is the figure which we have got. Our policy has been that we should not go in for large external finance, whether it is foreign aid or foreign investment or whatever it is. Therefore we went in for these multilateral arrangements with the World Bank and the I. D. A. We have all along followed this policy and Mr. Venkataraman is pursuing the same policy. Sir, I have no hesitation in saying that this is the policy of the great Indian National Congress right from our Independence. It has been the policy which has stood the test of time. It is not a policy which is being pursued today, but it has been there ever since our independence days and India's economic policies and economic development was considered a model by all the third world countries. It still continues to be a model for all the developing countries. That is why India's credit for repayment is excellent ; you can see India's credibility. In the IMF today the USA is isolated; nobody supports the United States. They dare not vote against this loan, and so they have abstained. We know nobody else would have gone along with them. Mr. Reagan, the US President, in the last IMF meeting criticised the IMF policies of softer loans and talked about the "magic of the market forces".

It was not liked by anyone. I know this as a fact. The French President, in particular, criticised him for making that statement.

Also I want to bring to the notice of the House that there had been

[Sh. B.R. Bhagat]

some genuine hesitation against the IMF Loan because in the past the IMF had followed certain conservative policies, in their lending policies. The general impression among the third world countries has been that it does not care so much for the social and economic objectives of third world countries.

Then, Sir, references were made about a number of countries. Conditions are not the same in every country. Please do not compare one country with another country because conditions are different each country is sovereign. Take the case of our neighbour Bangla Desh. I learnt from the papers that the IMF has refused the second or the third instalment to them because they have not performed the objective criteria. It may be that Bangla Desh had not performed the objective criteria to which they had already agreed. Whatever it is, because they have been refused their second or third instalment, there is no reason why we should not go in for this loan. I do not know where the question of pride comes in. My friend Mr. Madhu Dandavate said that by contracting this loan our Finance Minister has a sense of pride. This is not a sense of pride; but it is a sense of duty. Borrowing is not a sin. It does not mean that when you contract a loan, you commit a sin. That kind of concept was followed by some religions in the middle ages. They said, you should not borrow, because, borrowing is a sin. But now, you know, for the last 100 years, development in the world, all modern economic development, is based on borrowings. You please see the structure of the private sector and the public sector. The Equity-debt ratio is similar in both. In fact, borrowing is more in the public sector. Therefore to say that we have borrowed something and therefore inevitably it is a wrong thing, is saying something which is not correct.

16.50 hrs. [MR. SPEAKER in the Chair]

The point is, let us apply the objective test.....(Interruptions)

I am talking about the policy which you objected to. I am saying, you please see the image of the IMF. Our Prime Minister went to Cancun. You read her speech. You know that India under her leadership is not only engaged in a Struggle along with other developing countries to re-structuring a new international economic order, but we are in support of a reform of the international monetary system as well as democratisation of the IMF. You see the speeches of our various Finance Ministers since the beginning. (Interruptions) Why are you disturbing? I am sure Dr. Subramaniam Swamy will agree with me. I am talking some Economics, not Politics.

The fact is that India has been the leader in the Struggle for democratising the structure of the IMF so that the say of the third world countries is there according to their members and proportion. At present, the arrangement is that certain industrialised countries 9 or 10 countries—they have the greater voice and greater say in framing the leading policies of the IMF. India is leading the movement whether in the non-aligned world, or in the North-South dialogue, or in the Paris meeting or other forums. Conferences of the United Nations for creating a new economic order. In all forums of the UNIAID or the Group of 77, it is leading a movement that the IMF should be restructured so that the third world countries should have the voice. It is in this context reference made by President Nyrere of Tanzania as also by other developing countries are relevant. The IMF as at present does not reflect the world reality—the new economic forces, new factors in the world

which are creating a great problem of war and peace. Then regarding this loan a major misconception has been created. Professor Madhu Dandavata says "let us have a national debate". Of course, this matter is a very important one. We should have a national debate. But this should be considered in only one context and that is in the context of the national interest. The Finance Minister has said that he has to pursue the policy in the national interest and I think the Members from all sides must approach this question in that context, not in narrow party lines. The approach should be on the basis of national interest.

Some Hon. Members have said that our national interest has been compromised, the sovereignty of the country is compromised. As the result of contracting this loan we have lost our independent action. They say that our independence has been compromised. Are we serious in making this charge? Can you cite a single instance on this question or any other question where the national interest or the national sovereignty of the country was ever compromised by this Government. Has our independent action ever been compromised? It can never be compromised under the leadership of Shrimati Indira Gandhi. (*Interruptions*). It is not a question of laughter but it is a question of fact.

SHRI INDRAJIT GUPTA : By 11 O'Clock tomorrow, please allot him one seat there. (*Interruptions*)

SHRI B. R. BHAGAT : I am sorry to say that a very senior and responsible Member like Mr. Indrajit Gupta is attributing motives. Is it wrong to say that the policy pursued by Shrimati Indira Gandhi on behalf of this country is the right policy?

PROF. MADHU DANDAVATE : Even the Prime Minister smiled.

SHRI B. R. BHAGAT : Is it a question of smiling? When you

make this charge, I ask you now the Finance Minister by contracting this loan, has compromised the national sovereignty of this country? (*Interruptions*). Now the question of national debate? That you know. You organise a meeting of economists or you prepare a certain publication, there you publish certain things openly as the West Bengal Government has done and say that the national sovereignty is compromised. You say that after this loan, the country would be at the mercy of the multinationals, and the poor people will suffer. After this loan a colonial system will prevail in this country. Is it a matter for smile? Is it not a serious matter? If I argue and if I produce facts, you smile derisively. Are you serious about pursuing a national debate over this matter? I ask humbly and in all seriousness? (*Interruptions*).

If you want to raise a national debate, raise it by all means, but do it properly.

Two sets of questions have been raised; one is about the conditions attached to the loan and the other is about the economic policies that will be affected. The Finance Minister in his preliminary remarks has covered most of these points and I do not want to repeat them, and I try not to repeat them; I will only try to reinforce some of them.

The first point that everybody has made is that there is a ceiling on credit. The Finance Minister has been emphasising that it is not a numerical ceiling, that he is talking about, but it is the percentage rise in this year's ceiling that is important. There is a rise of 19.4%. This is what he says. Can you challenge it? He has given the absolute figures and I do not want to go into them. If there is an increase of about 19% at the end of March 1982, will this loan affect the credibility or will economic wheels of the Country stop as a result of shortage. No.

[Shri B.R. Bhagat]

There is another point which has been made repeatedly and I think it needs emphasising. This loan is unlike PL 480 loan. Shri Morarji Desai was the Finance Minister at that time. Loan PL 480 provided the budgetary resources. But this IMF Extended Fund Facility is merely a line of credit. Shri Kamal Nath said this, even the Finance Minister probably said that in his preliminary remarks, but some Members have objected to it saying, how it is and why he was saying this. The IMF loan will augment the Reserve Banks external credit arrangement. It does not mean that anybody going in for import of machinery or maintenance imports is going to get it. He has to produce the rupee resources, only then the foreign exchange will be made available to him. Therefore, it is not correct that this loan is not going to create rupee resources or it will augment the budgetary resources.

Another point has been made that the provision of this loan will make the country complacent and therefore the country will be in deeper trouble. The mere fact that you contract a loan should not make you complacent. The Government has certain programme and policies and because it is not going to increase your rupee resources, therefore, you cannot afford to be complacent by thinking that you have enough funds. Only if the Government is made, it can be complacent. A normal person or a normal Government will not be complacent as a result of contracting this loan.

I will not go into the details of the import liberalisation, because this point has been made clear repeatedly.

Now, I come to the question of documents. In the beginning, a misconception was created that certain documents are not available, although the Members have now themselves laid certain documents on

the Table of the House and all the documents are available. You have the Finance Minister's letter of intent and the economic statement; you have also the Executive Director's report. The official document, the communique of the IMF is also available and it has been published in all papers. It has been published everywhere and it gives all the details. All the Members, I am sure, would have read that. It is a printed two-page document; it gives the conditionality and everything else. What does the Executive Director's report say of the economic policies and programmes? Does it say that the import will be liberalised so that there be open general licence for everything and this country will be open to the foreign economic forces, the multinationals, and *laissez faire* will prevail. Does it say so? The Executive Director's report is an IMF document. Then, the IMF communique gives a very favourable credit to the policies and programmes of the 6th Plan.

It supports the programme. Now you see, the main programme of the Sixth Plan so far is to achieve external viability by import substitution and export promotion. They particularly picked out these two things—import substitution and export promotion and they say, they justified this loan on this ground that in order to have a medium term arrangement under the E. F. F. it requires investment in certain lines of production which will augment export promotion which help both import substitution and export promotion.

17 hrs.

Now, one of the criticism about the economic policy is that as a result of the loan, it is the private sector which will gain dominance and the public sector will be put in the background. I think those who have read the Sixth Plan will find that the public sector investment will rise from 11% to 14% and all the investments in the Sixth Plan, whether it

is in oil or fertilisers or in other infrastructures—also steel, aluminium and power, are in the public sector. Therefore, on what ground do they say that? Import substitution, means that there will be cutting down of unnecessary imports and of those items which are being produced in the country. This is the meaning of import substitution. This communique and the document which Prof. Madhu Dandavate laid on the table of the House support these points: import substitution and export promotion and this is one of the main grounds on which they have commended the Indian economic efforts. The assessment of the Indian economy is not it is sound. And as the Finance Minister has explained, the present position is due to the unforeseen factors—unprecedented increase in oil imports. He has given figures. I need not go into that. And secondly, the deterioration in the terms of trade as a result of protectionist policy in industrialised countries whereby the exports have suffered. This year's exports have gone by 16%, although last year was a bad year. But the general increased in the exports suffered because of the protectionist policy and the recession in the industrialised countries. This is also one of the matters in the North-South dialogue. It is one of the matters in restructuring the international economic order. And see, the significant Indian role in trying to bring about changes in the international economic order? But my point is that a result of this loan, there is going to be neither a free-for-all import liberalisation so that anything like video-tape or other such consumer desirables for the affluent people are going to come in. If import substitution is followed by this Government, and I am sure it will be followed, it will not only lead to export promotion, but it will lead to production of these items like steel, fertiliser, cement and a lot of other industrial goods in the country. We import fertilisers, steel and we import many such things and their imports will go down.

Therefore, the fact of the matter is that when our exports will go up there will be favourable external balance in our account.

Lastly Sir, I would say the allegations made against the Finance Minister in contracting this loan is not substantiated by facts. It is not correct to say that dignity of Parliament has been lowered and that there has not been an open debate or free debate or national debate or that it is not in the pursuit of national interest. You suspect that the Finance Minister has either compromised his country's position or that there has been some "informal understanding." When they do not find anything in the formal understanding, then they say there may be "informal understanding" that may come up in the second and third instalment. Sir, this loan is going to help achieve the objectives of import substitution, export promotion, rate of growth and India will be in a strong position at the end of 1983.

I hope that in first or second years, it may contract SDR 900 million, and the second instalment of SDR 1800 million. I think the House will be well advised to request the Finance Minister to forego the \$2300 million third instalment in the third year. Look: what will be the position of India in the world then? Its credibility and its reputation will be that people will say that India is one country in which, whatever be the situation regarding economic deficit, difficult exchange position and recession in the world there is leadership, there is Parliament and there is a national will sentiments which pursue national interests in the right way and comes on the top in every crisis.

THE PRIME MINISTER (SHRI-MATI INDIRA GANDHI): Sir, I am not making speech, but I felt that I should emphasize one point. My colleague, the Finance Minister has already dealt with most of the points which

[Smt. Indira Gandhi]

are being raised. I have heard some of the speeches from my room. What he has not dealt with, he will no doubt do so, at the end of the debate.

I want to emphasize just this, that this loan or the agreement for the loan, is a line of credit. It does not force us to borrow, nor shall we borrow unless it is in the national interest. There is absolutely on question of our accepting any programme which is incompatible with our policy, declared and accepted by Parliament. It is inconceivable that anybody should think that we would accept assistance from any external agency which dictates terms which are not in consonance with such policies.

I thought I would make that very clear.

SHRI H.K.L. BHAGAT (East Delhi) : Fortunately for the country, and unfortunately for the Opposition, we have a capable Finance Minister; and he has a good case.

Sir, when the Finance Minister to-day opened his observations—well, the debate on this subject has been going on in the Press for a long time; so many have written for it, and so many against it; our leaders and Hon. Members on that side have also voiced their opinions in the newspapers which we have all seen and obviously, the Finance Minister has also seen them—anticipating their points he gave his own observations on those points. They were naturally worried, because they could not make their points since they were killed before they were made. I can understand their little worry on that account. They could not take them up, since the Minister had dealt with their points. I think in a very correct manner. And there was hardly any point.

Not to speak of making any point, they could not make any

noise. Not that I want them to make noise; but to-day they could not make much noise, also because they knew the weakness of their case. (*Interruptions*)

I am speaking on IMF. This is all about IMF. You have nothing else to offer, except to make noise. What I am respectfully trying to submit is that nobody has seriously disputed, or even disputed, the difficult position with regard to foreign exchange balances to-day. On the other hand, everybody has more or less accepted, directly or indirectly, that the exchange position to-day is such that if we do not do something, within two years from now, our reserves will be depleted.

Some of our friends have tried to give some suggestions, as an alternative. I have great respect for Prof. Dandavate. I have always believed that he is a very capable man, and also a well-meaning man. He gave some suggestions.

DR. SUBRAMANIAM SWAMY
Rose.

SHRI H.K.L. BHAGAT : Dr. Swamy, if you want, I can say the same thing about you, to please you.

MR. SPEAKER : Mr. Bhagat, by any chance, are you not allergic to the name 'Swamy' ?

SHRI H.K.L. BHAGAT : No, Sir. I like him very much. Let us see what are the alternatives suggested, and in a homely way let us try to understand what are, and what will be the consequences if the remedies suggested by Prof. Dandavate and some others are to be resorted to.

One of the remedies suggested by Prof. Dandavate was that we can improve our foreign exchange position by cutting down imports. He went to the extent of suggesting that we can cut down 10 per cent of oil imports, and that it would make a difference of at least Rs. 1,000

crores. That is what he said. Can we today cut down our oil import? The Government has taken, of course, the steps by raising its prices so that the domestic consumption is reduced; government is taking all possible steps to make the country march towards self-reliant. Recently, we saw an agreement with the Soviet Union. There are other things which would require more foreign exchange so that the country can march towards self-sufficiency in oil.

Now let us see what Prof. Madhu Dandavate says. Can we today cut down 10 per cent of our oil import? What will happen? Have we forgotten today for what purpose the oil is used? Have we forgotten what was the situation two years ago? We have not yet forgotten the long queues when the farmers had to wait for days and days to get diesel for their tubewells and tractors. Will not more tubewells come? Should they not come? Will not more tractors come? Will not our requirement of oil be reduced in terms of our practical requirement? Will they not increase? Is it not a fact that during these times the factories went off because the shortage of oil was there or mismanagement or whatever it was? Do you want to repeat this? Will we resort to rationing of diesel, petrol, kerosene and so on? How can you cut down 10 per cent import of oil and at the same time not create conditions of difficulties for the people? It will stop factories? Will it not? Will it not create problems? Will it not create unemployment? Will it not affect the power houses? It will affect so many things. In fact, oil is our necessity. It is in fact one issue; please do not mind my saying so that it is one of the most focal issues round which the international politics is gravitating today. We need this oil; we cannot reduce it.

Already the opponents of this loan have been charging that Wall

Street Journal went to the extent of saying that this is another way of financing the Mirage deal. They said that we are taking these things from the point of view of our defence requirement. We are not. We can look after our country. I want to know whether you would need foreign exchange for fertiliser, as my friend said. The farmers are using fertilisers. The land is used to a particular kind of fertiliser. Now, Prof. Madhu Dandavate wants to tell us, when you have only two years for foreign exchange to remain with you, well, now you change, you reduce the fertiliser, adopt some old method or some new method, make an experiment for two years and see what can happen? Today, some friends said that we went to the IMF with a begging bowl. When we pass every day and see a beggar, does any one of us give a loan to any beggar? No. No beggar can get loan. Loan is given to a person, individual or a company or a firm which is credit worth. We never went to the IMF with a begging bowl. If we had accepted your suggestion and if the Government had not been wise in taking steps in advance. If they had waited for two years. I am sure they would have been in a crying and crawling position; they would have been in the position of a beggar; nobody would have given you this loan. I am sure, it is not a pleasant decision for any government to borrow.

Borrowing is the normal feature of international life. Nobody wants to take such a decision when it is not necessary. But decisions, however unpleasant they may be, if they are in the nation's interest, have to be taken.

My friends become very sensitive when we mention the name Mrs. Indira Gandhi. My friends of the left forget what the socialist leaders say about Mrs. Gandhi; what the Bulgarian leaders said about Mrs. Gandhi and what other socialist leaders said about Mrs. Gandhi.

[Sh. H.K. L. Bhagat]

They also forget what the French leaders said about Mrs. Gandhi; what other world leaders said about Mrs. Gandhi ? The point that I am trying to make out is that fortunately in our country we have a leader who is capable of taking not only pleasant but difficult and unpleasant decisions in the interest of the country, sometimes they are needed and this interest is also needed.

My friend Prof. Madhu Dandavate gave a few points and then said, well, you borrow it from the international market.

Now, he was somewhat—he knows that he was on a week wicket—he said somewhat half-heartedly. He said, that perhaps in some situations commercial borrowing may be in a better position than the Monetary Fund. He himself said, I need not repeat his words. Some repetition is inevitable, because the Finance Minister left nothing for us to say. What I am respectfully submitting is that we know the position, the interests and so on and so forth. Therefore, as the Prime Minister right now clarified, well, it is a decision of which we can take credit, and we take as long as it is necessary. The alternatives suggested are absolutely not tenable.

Now, they said that this would be compromising with independence, compromising with the sovereignty, and so on. I think the Finance Minister has already dealt with it at length. I would only briefly refer to it in two words. I would only say that let them—I am addressing my query to those who formed part of the Janata—all those including Prof. Madhu Dandavate. Let them see Five Year Plan which they drew up and the Plan that we drew up. Where have in any way moved an inch away from the goal of self-reliance? Even for the consumer articles of domestic use, they liberalised imports. For the public sector there is a greater allocation in the Plan than in the previous Plan. Therefore, I

am saying that this charge, this allegation, that we are trying to compromise India's independence, economic independence and political independence and that India will not be able to stand with its head high in the world forums does not stand; let me say that today, in spite of the fact that we are having difficulties at home, in spite of the fact that we have a difficult international situation right on our borders, in spite of the fact that we have one problem or the other, the fact is, as is evident by the Non-aligned Conference at Melbourne, and the Cancun Conference, by the discussions which the Prime Minister had with Mr. Reagan and other world leaders, it is India which has got its head high in the international forums.

PROF. SUBRAMANIAM SWAMY: You can say, 'her head'.

SHRI H.K.L. BHAGAT : She represents India. Mrs. Indira Gandhi represents India. You may not feel proud of it, you may not like, but it is India's head.

MR. SPEAKER : Prof. Swamy is trying to irritate you.

SHRI H.K.L. BHAGAT : What I am respectfully submitting is that all this criticism is absolutely meaningless.

Now, I am concluding, within two minutes. I do not think that the Finance Minister or this loan needs any kind of certificate from anybody. And yet, I would just like to read only a few words. My friends may not like it. They may say, 'It is from this Press and that Press'. I am just reading only a few lines. This is from the *Times of India*.

SOME HON. MEMBERS : Oh ; Oh! Oh!

SHRI H.K.L. BHAGAT : Now they laugh ! Every day they say, that

the Press is free, that the Press is independent. They advocate the freedom of the Press. Now something which goes against them, they deride.

PROF. SUBRAMANIAM SWAMY : Why do you not quote from the *Bulgarian Times* ?

SHRI H.K.L. BHAGAT : Mr. Swamy, I know how you run to newspaper offices for publicity. (*Interruptions*) Now, the heading is 'Irrelevant debate'.

"Nothing highlights the intellectual poverty of the splintered Opposition in this country as unflatteringly as the decision to make an issue of 5.6 billion IMF loan in this country. By any reckoning the Government has pulled off a major diplomatic coup". (*Interruptions*)

"The loan it has received is the largest ever given by the IMF and the conditions attached to it are mild to the point of requiring little more than vague decline of intent in the Indian Government. The fact that it was secured in the teeth of opposition by America has made this decision more popular to the people."

This is what they write. Then the editor of *Economic Times* said more or less the same thing. So, we do not need any certificate from you.

I would end by saying that it was not a Pleasant decision and none of us should think that it is going to make things easy for us. This is a warning; this is a recognition of a difficult situation which has been created by natural circumstances. After we took over, we have improved the situation. We will have to do hard work, we should have complete economic discipline and discipline to face the situation. I am sure, this loan will help the Government and the nation in mitigating the difficulties faced by us.

SHRI SATISH AGARWAL (Jaipur) : Today the House is discussing a Motion moved by the Hon. Finance Minister with regard to large scale borrowing from the International Monetary Fund. Opinions are bound to differ on this issue. There is nothing to be agitated over protests from some of the opposition parties with regard to the contract of this loan. Everybody has got a viewpoint whether this particular loan is desirable or not, is needed or not; if needed whether we should accept these conditions or not and whether these conditions are humiliating or not and what would be the future programme so far as repayment is concerned.

Before I proceed further on this issue, my work has been lessened by some of my friends like Prof. Madhu Dandavate, Shri Biju Patnaik and Shri Sunil Maitra, who have put forward their viewpoints. I am not projecting this issue from any political considerations nor am I motivated by any ideological considerations or any other consideration. How do we react about it? Because this is the first time that such a big loan has been contracted by this country from the International Monetary Fund.

Fools are those who learn from their own experiences but wise are those who learn from the experience of others. What has been the experience of various other countries with regard to the loan from the International Monetary Fund. This is a fact that we are a member of the IMF. But that brings me to one more question whether we should continue to be a member of an association or institution which prescribes such hard conditions for the third world countries. That is a point which has to be considered by the Government, by the whole House in a dispassionate manner.

Before I proceed further I wish to compliment the Finance Minister for one honest confession before the

[Shri Satish Agarwal]

International Monetary Fund when he submitted his Memorandum along with the letter. That is the first paragraph of this particular Memorandum wherein it has been stated :

“The Indian economy made considerable progress during the second half of the 1970s. During the four year 1975/76 to 1978/79, real economic growth exceeded 6 per cent per annum while price inflation was about 2 per cent per annum. Agricultural extension accelerated so that food imports were virtually eliminated by 1977/78 and sizable food stocks were accumulated. Industrial growth was also generally satisfactory. Savings rose from about 20 to almost 24 per cent of GDP, reflecting higher growth, the deepening of the financial system, favourable price performance and a rapid growth in remittances from Indians working abroad. The balance of payments position was strong throughout the period and sizable external reserves were accumulated.”

So, I compliment the Hon. Finance Minister for being very honest so far as his assessment for the two years of emergency 1975/76 and 1976/77 and two Years of Janata rule 1977/78 and 1978/79 is concerned.

I compliment him for this honest confession in this particular statement, irrespective of the whole controversy with regard to the performance of this Government or that Government.

On this question, my esteemed friends, Shri H. K. L. Bhagat, Shri Mohan Lal Sukhadia and Shri Kamal Nath have been chosen to speak on behalf of the Treasury Benches. I fail to understand why on such occasions they are chosen

for that purpose. Are there no other Members ? If they are so talented in the Treasury Benches, why can't the Finance Minister take their assistance in the Cabinet ?

SHRI H. K. L. BHAGAT : Your recommendation will not help.

SHRI SATISH AGARWAL
Before going on such heavy borrowing to the tune of 5 billion from the IMF, was it not the duty of the Finance Minister to consult the Parliament and was it not the right of Parliament to discuss it before a decision was taken ? But Parliament has been by-passed on this issue.

SHRI H. K. L. BHAGAT : He has explained it. Perhaps, you were not present. He has answered the point. You may not like it, but he has given the answer.

SHRI SATISH AGARWAL : I have heard two things in this House—sovereignty of Parliament and national consensus; on broader national issues the opposition must co-operate. I want to ask whether Parliament has been sovereign in this case, whether Parliament was ever consulted. Why could this issue not be debated ?

Not only this, the whole document which is the basis for this letter, the letter of intent which the Finance Minister wrote on the 20th September to the Managing Director of IMF, was the Sixth Five Year Plan. The basis of the letter was memorandum, which was based on the Sixth Plan document. So far as the Sixth Plan is concerned, which has bound down this country for another five years so far as the targets, goal and objective are concerned, the Sixth Plan document which is practically a charter of our performance and achievements for another five years, in so far as that document is concerned, not even this Parliament consisting of representatives of the entire country have been given a chance to debate it in this House,

Now without discussing and adopting the Sixth Plan in this House, how do you expect us to co-operate which the Government? You never take us into confidence, you never debate the Sixth Plan in the House, you pass it through the NDC and in this way by-pass Parliament. The opposition parties were not consulted: note only that, even the leaders of the opposition parties were not taken into confidence by the Government, stating "Look here, these are our genuine difficulties these are the problems, we are facing this particular situation, these are the terms, these are the conditions, this is going to be the amount, this is how we are going to do this, we seek your co-operation, please enlighten us on certain misconceptions or misgivings which you have about this matter." But the Government never took us into confidence, except when the budget was presented when the Finance Minister referred to it. On this vital issue he is at fault and I take serious objection to that.

Sir, you must remember that when the question of debating the Sixth Plan in this House was taken up before the BAC, I was opposed to it because it was a *fait accompli*. Government by-passed Parliament by not placing it before the House and debating it, even though it is a vital document which affects and commits the nation for another five years. You have by-passed Parliament, you have by-passed the opposition: not only that, you have not discussed this issue even within the Congress Party, the ruling party. It is all decided by one single man. He is a wise man, may be a dependable man, and I say this not because he is a good friend of mine but otherwise also. Even in the budget discussion and on the Finance Bill I said that the future of this country should not depend on the whims and fancies of one single Finance Minister, and that the budget proposals must be discussed either within the party or in Parliament. That was

my point which I made last year also.

PROF. N. G. RANGA : Was it done here? Was it ever done in England? (*Interruptions*)

SHRI SATISH AGARWAL : This is nothing new. (*Interruptions*). You mean to say that if the Sixth Five Year Plan is debated in Parliament, it will be a Presidential form of Government? That is your approach. Then your job is over finished. (*Interruptions*).

There is one thing more. The Finance Minister in his statements and papers has led this House to believe that he will get the first instalment of Rs. 900 crores by 24th March, 1982. Do we believe it? Is it not the impression created? Is it not the information supplied to us? Is that position clear? Can he draw Rs. 900 crores in the month of December? Can he draw Rs. 900 crores in the month of January? No. But he has given the impression that he can draw this amount of Rs. 900 crores before 24th of March. That is not the position. He can draw only Rs. 300 crores up to 24th of January. And I say, Sir, again it is a point of concern. This is the IMF loan. What are the conditions? The loan can be divided into two parts, first part up to SDR \$ 600 million can be drawn in the period ending March 24, 1982, of which SDR \$ 300 million will be made available after January 1982, based on having fulfilled the specified objective criteria at the end of 1981. We were given to understand that straight way in the first instance Rs. 900 crores can be drawn. But no, you cannot do that. First you will be given Rs. 300 crores, then criteria has to be satisfied, performance has to be shown. Then another Rs. 300 crores will be given, and then another Rs. 300 crores will be given and like that. But why do you conceal all these things? Why don't you make things clear to Parliament? There is no question of hiding. I mean,

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there are certain areas where we may differ. But there are certain areas where we may not differ. That is the position.

So far as the terms and conditions are concerned, I do not want to enter into a controversy. Nobody is against the basic principle of borrowing. Every Government has to borrow whether from the internal market or external market, from this country or that country from this fund or that fund. The question assumes proportions when there is going to be a large-scale borrowing. And another feature is, when we suspects some conditions—because sometimes even for the performance of a marriage in the family one has to borrow, but then the other elder members are worried about it as to what should be the extent of borrowing. The youngsters would not worry about it because they will have crackers at that particular moment and the old people will not worry because they are facing the cremation ground. It is only the adults between 20 to 40 years who are worried about it. That is why we are worried about it. So, fundamentally, borrowing is essential in life, as Mr. Bhagat said, we should not oppose it, Government borrows from commercial banks, Government borrows from petrodollars, Government had a loan for aluminium factory this and that, the World Bank loans are there, IDBI loans are there. As it stands, there are so many other things. So, the question is whether there is a genuine need for this borrowing, this large-scale borrowing, and under these terms and conditions. I do not want to enter into the terms and conditions which had been very well discussed in this House but as I said earlier, wise men learn from the experiences of others and only fools learn from their own experiences. I will cite only one statement in the Sri Lanka Parliament regarding their reaction because Sri Lanka is a country which has got one common Executive Director,

Mr. Narasimhan, who represents India, Bangladesh and Sri Lanka. Sri Lanka is one of the three countries and there is one common Executive Director for all the three countries. Now, what is their reaction? This is a recent one. A question arose in Sri Lanka Parliament, and I quote:

“When ex-Prime Minister, Mrs. Srimavo Bandaranaike’s son, Mr. Anura Bandaranaike of the opposition Freedom Party pointed out that according to Indian newspapers both the Prime Minister, Mrs. Indira Gandhi, and the Finance Minister, Mr. Venkataraman, had said that no conditions derogatory to the country’s self-respect or sovereignty had been accepted, Mr. De Mel said “Don’t talk nonsense of what you do not understand.”

“He went on to read what, he said, were conditions imposed on India by I. M. F., according to his information.

These, he said included adoption of realistic exchange rate in order to improve the balance of payments position, increase in taxation increasing prices of public sector goods and services, cutting down subsidies on fertiliser and other items increasing domestic savings raising interest rates, liberalisation of imports review of export policies and procedures, improving budgetary position by reducing deficit and allow private sector greater play.”

He said these were almost identical to the conditions imposed on Sri Lanka.

This is his statement and I have no reason to disbelieve it. Here somebody was making a point of import liberalisation. I do not know what it is going to be. But there is a statement of Shri Narasimhan. He is the Executive Director on

International Monetary Fund representing India, Bangla Desh and Srilanka. What is his statement? What does he say? On 10th November he explained in Washington :

“The Indian Governments intention to pursue a policy of liberalising import restrictions is an established approach to sustaining high levels of domestic investment and economic activity. He indicated that, while the Government would naturally continue to take specific decisions on imports in the light of domestic needs, the thrust of trade policy would be in the direction of freer commerce”.

These are the statements given by the Executive Director, India. There are statements by the Finance Minister, the Prime Minister, by the Hon. Members. Now it is very difficult for us to know whom to believe and whom not to believe. This is for you. The Finance Minister may live long. But, after all, things should be made clear.

17.37 hrs. [MR. DEPUTY-SPEAKER *in the Chair*]

I was talking about the Plan also. Plan frame work was considered by N. D. C. last year in 1980 and adopted finally in February, 1981. It was never discussed and debated in Parliament. In the formulation of the Sixth Plan what was the net inflow of funds from abroad ?

Investment Outlay	Rs. 1,58,710	crores
Current development outlay on Private Sector	13,500	„
Aggregate resources	1,72,210	„
Domestic Savings	149647	„
Foreign funds	9063	„

Rs. 9063 Crores was the total component including total aid and everything. Net aid = Rs. 5889 crores. Ather borrowings including commercial and other capital flow, etc. comes to Rs. 5087. That was the ceiling in the Plan document. Drawals from Foreign Exchange Reserves was Rs. 1000 crores only. That is why there is depletion on resources due to terms of trade that was provided. That would be Rs. 2913 crores. The total inflow came to Rs. 9063 crores. The total ceiling on the commercial borrowings from the International Market was put at Rs. 5087 crores. Have you crossed it ? Shall we not cross it ? Shall we have to be within this ? This is part of the Plan document which is accepted by the N D C put not adopted and approved by Parliament. So the policies are not approved by Parliament. If the policies are the same which are continuing, then the question does not arise with regard to its acceptance by Parliament. Even the policies are accepted by Parliament.

With regard to this you said that there is a policy that there should be foreign collaboration. There should be import. What should be imported ? Should wheat, sugar, cement be imported or Video Cassette Recorders should be imported ? They are being imported. That has been allowed. In regard to Import and Export policy which is laid on the Table of the House every year, the question is this regarding collaboration....

SHRI H. K. L. BHAGAT : You had allowed it.

SHRI SATISH AGARWAL : If anybody committed a mistake, it does not mean that you are to commit it again. So, we have to warn you. Our party was there. We were not that much experienced to rule this country. For the last 32 years with all these stalwarts, with one supreme commander, assuring

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this country, assuring this nation you are in power.

In the year 1980, Mr. Venkataraman said, it is on the record in this House "I am going to take from crisis management to growth management." With all the credit and debit account, I would like to know from him, what happens to the growth management. Has it brought down the brink of bank corruption; has it brought down to the state of affairs? That is the major consideration before us.

Mr. Bhagat was talking about only one illustration. I would like to give, in this particular case some figures. There was a policy with regard to collaboration agreements in every regime. The collaboration agreement were being entered into for the last 30 years, But what was the position? Policy is there for collaborations. But the question is that the total collaboration agreements up to the end of 1980 since independence numbers 6313. The number of total collaboration agreements in every year from 1970 to 1975 was 1580. In 1976, it was 277; in 1977, it was 267; in 1978, it was 307 and in 1979 it was only 267. But last year, in 1980, you increased the number to 526. Now the question comes that.....

SHRI B.R. BHAGAT (Sitamarhi): I said, it was so limited. It is only 2%. The private capital inflow will be only 2% in the Sixth Plan of GDP. But you are going by number?

SHRI SATISH AGARWAL : I don't have that much time to enter into controversy. I have great regards for Mr. Bhagat.

SHRI B. R. BHAGAT : I have equal regards for you.

SHRI SATISH AGARWAL: That is a different matter. I was making a point. It is not a question of policy but it is a question of implementation. I am making again one more point. You are asking alternative. I said only one thing in this connection. Whatever projects are approved by the Government finalised by the Planning Commission, those projects have to be completed within the time limit and within the approved sanction limit given by the Parliament. Then, you need not have any resort to any deficit financing or with regard to any additional taxation. Even if we are able to do this thing there is no deficit financing. What is the cost limit and time limit? It is time which takes more. For Metro Railway, it was Rs. 140 crores. Now it is thousands of crores. Salal Projects, it was 55 crores, it is 400 crores now. But there is not even one project which has been completed in time. There is not a single project in this country. This is a major question which is eating away the total mobilisation of our resources in this country. This a very major issue. I would earnestly request all the Members with folded hands. After having spent Rs. 80,000 crores during the last 34 years on our five year plans, what is the position? So far, before the Sixth Plan is being launched Rs. 80,000 crores was spent. What is the position today? Two lakh villages are without proper drinking water. Thousands of people lying on foot-path without houses. 50 lakh people are blind, and suffering from diseases. There are no hospital facilities, no medicines. Literacy rate is below 30% in this country. After 34 years of independence, this is the position. Our population is not craving for more than these things. But we are not able to meet because there is a price escalation and cost escalation. It is ten times in every project. There is not a single project in this country which has been

completed within the approved sanction limit and within the approved time-limit. (*Interruptions*).

On this issue, I want to make a request and appeal to the whole House with folded hands that this is a national question. If you are not able to do it, we will have to face very many problems. You make the man responsible for implementation of the project and see that it is completed. Otherwise, you send him out from the service. Why should this not be the approach of all of us ?

Now, you want to tide over the difficulties of balance of payments position. But with this particular import policy.....

MR. DEPUTY-SPEAKER Please conclude now. Your party has been allotted 9 minutes. But you have already taken 25 minutes. (*Interruptions*) We have to see that every party speaks; everyone must get a chance.

SHRI SATISH AGARWAL :
On this, I am not raising any party issue, how much one member has got and how much one member has not got. After all, guillotine cannot be applied on such a major issue. If I am irrelevant, you check me and stop me. If you want, you can extend the time. That understanding was clear in the Speaker's chamber.

If you really want to regulate and control imports and boost-up exports, how will you do it ? Exports are not picking up. You had two free zones. You extended the area to entire country. It was not a successful experiment. After giving so many concessions for boosting up exports, what is happening ? There are people in the exporting area who are misusing heavily the facilities extended by the Government. I made a point last year also that

there are 7000 engineering industries, export houses, out of which only 2000 are exporting. But everybody is taking advantage. There is a cash assistance scheme. It was initially a sum of Rs. 140 crores. This year, it is Rs. 530 crores by way of cash assistance to those people who are exporting to foreign countries. You go to the counter and have 15 per cent immediately.

What about export obligations ? If somebody exports stones, there will be no 'foreign exchange realisation' How many such cases are there ? How many cases have been handed over the CBI ? Why don't you have strict performance ? Export obligations are not realised. How many exporters are there who have violated export orders and regulations ? They have taken advantage of cash assistance scheme from the Government, Rs. 540 crores every year. There is a subsidy for exports to the tune of Rs. 1500 crores. Just imagine the fantastic sum that we are giving to them.

Similarly, about imports, why don't you nationalise import trade ? Not export trade. You have free exports. Export whatever you can. You boost up exports. You give all the concessions and facilities to anybody who exports. But there should be strict regulation and control. So far as imports are concerned, let them be nationalised and canalised. But don't resort to profiteering. You canalised one item of edible oils. You reserved it for the STC. The prices went down in the international market. The private importer was paying 12-1/2 per cent import duty. The STC was exempted from paying any duty. But instead of reducing the prices in the domestic market, both were resorting to black-marketing and profiteering. And the result was that the STC made a profit of Rs. 80 crores. Don't make imports a bonanza for making profits.

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A suggestion has been made that excise duty should be increased and direct taxation should be reduced. Indirect taxation has always been held to be a regressive form of taxation. That is not a very progressive type of taxation. 85 per cent of the total indirect taxation burden goes to the poor people who live below the poverty line. I need no other support except the recommendation, the report and the findings of the Jha Commission which has said that indirect taxation is a very regressive form of taxation. The more you increase it, the more burden you enlarge and spread over the more poor people for whom you have no other scheme. So, this suggestion is very drastic and it is fraught with all consequences. We have to give very serious thought to it. Indirect taxation, as a matter of fact, should be replaced by direct taxation. That is a much better form of taxation. Indirect taxation should not be increased.

Lastly, with regard to debt servicing, at the present moment Rs. 5000 crores is in rupee value as interest. Rs. 3,282 crores will be the interest. The total will come to Rs. 8,282 crores to be repaid by the Government of India in rupee terms. Now with the present system of exchange rate, where the rupee is tagged with certain other currencies, there is no need for devaluation. The devaluation at the time of 1966 is not going to happen. There is no need for it. It cannot be done under the present existing system because you are tagged on to various currencies. Why should you misguide the House that there will be no devaluation? When the rupee is linked with various currencies, there is no question of devaluation. When there will be devaluation? Supposing the rate of dollar goes high. Unfortunately, supposing the rate of dollar at present which is 9.80, goes to

Rs. 10/- or to Rs. 14/-, what would be the total amount in terms of rupees? It will be Rs. 14,000 crores. It will be practically double. So that danger is very much inherent there. We have to be very cautious. The economy naturally has to be managed in a proper way. But I say and still have a feeling that the International Monetary Fund of which we are a Member, if we sincerely feel that these conditions which are being imposed on under developed countries or on developing countries or on third world countries or on poor countries—Finance Minister has been making the statements abroad against the present International Monetary system or economic system—we are very much for it without any reasons if we sincerely feel, it is time now that we do not remain a member of such an institution. It is not an International Monetary Fund. It is more or less an International Money-lenders Forum, which puts clients into a position of a bonded labour, if I may put it. That is the experience. That is the experience of Bangladesh and of so many other countries. That is not a very happy position. We should not be static in this approach. This unilateral decision by this Government to borrow such a huge sum on these terms and conditions is, according to me, not a sell-out, as stated by some Members, but is only an agreement to sell. This is my feeling. You have mortgaged our economic sovereignty, you have hypothecated national honour and dignity. You have annihilated Indian economy. You have bonded the entire nation to an unscrupulous moneylender.

There will be an interim prosperity. I say again, that there will be an interim prosperity when we will have imported cars value at Rs. 25,000 plus 25,000 custom duty. You will have more custom duty. Middle-class people will be very happy. There will be so many items. I do not say. I am not predicting. You

have not also counteracted the interview with Shri Kuldip Nayar, a cutting of which I have. In this connection, you cited the particular example of automobile industry. Perhaps you have in your mind the Maruthi car business which is going on. You may have to give them licence for imports. People will be very happy to have a car for just Rs. 50,000 as against Rs. 75,000/-. There will be interim prosperity for two or three years before the next election comes. You want this prosperity. But ultimately there will be poverty when the future generations of this country will be required to pay this heavy debt servicing charges. So, I say there is still time. Please be cautious about it. Do not go in for this loan. Cease to be a member, of I.M.F. Nationalise the import trade and give serious thought to the implementation aspect of the whole Sixth Plan document. With these words I support this Substitute motion.

SHRI EDUARDO FALEIRO (Mormiyad) : Mr. Deputy-Speaker, we are almost about to complete the time allotted for this debate and I do not intend to take much time in any case because to my mind, however eloquent the speeches of those sitting on the benches opposite might be, they have really missed the point. They have not been able to put an effective attack on what is specifically the subject matter of this debate namely whether there is a need for loan and, if so, whether the conditions or the conditionalities are harsh or excessive.

Shri Agarwal may be right or may not be right.

He says that if we had managed properly railway projects, hydro-electric projects etc., the Indian economy might not have reached this condition. He may be

right or you may be wrong, but this is not the subject of this debate. The subject of this debate is whether, under the circumstances that we are facing at present, the circumstances which we cannot reverse within a short period, when we have hardly any breathing time left, we need the loan or do not need the loan. On this particular point that we do not need the loan, no convincing arguments have been advanced by any of the Hon. Members, including the Hon. leader of the Janata Party who moved his substitute Motion : he did not press his case that we did not need the loan ; what he did say was about the conditionalities and conditions ; they put us in an embarrassing position and on those conditionalities and conditions we should not have accepted the loan

AN HON. MEMBER : Come to the key point.

SHRI EDUARDO FALEIRO : I will come to that. But before I come to the key point of the Mover of the Substitute Motion, let me take the point which was made at the outset by Mr. Satish Agarwal which again shows how an eloquent person, a person who is so distinguished and responsible, can sometimes miss altogether on facts. What Mr. Satish Agarwal, the previous speaker, said at the very outset was that Parliament had been bypassed, the sovereignty of Parliament had been curtailed ; even in England they had a debate before the loan was concluded. He made the point that if in England they could have a debate before the loan was concluded, why not in India. On this particular fact, Mr. Agarwal, who otherwise is very particular about his facts, is wrong. What happened in the House of Commons was precisely this. There were several questions which are on record asking the Finance Minister, the Finance Secretary ; to have a debate on the IMF loan, and what the Finance

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Secretary and his deputies again and again went on saying over a period of time was that the time was not ripe, a debate could not be had before the loan was concluded and that a debate would be held only after the loan was finally agreed upon. And it was only after that, that a debate was held in the House of Commons. This is on a point of information after checking the debates.

Italy was also mentioned. I am saying all these things to show how eloquent speeches can be made on misconceptions and errors of facts. What happened in Italy was that some of the documents of a confidential nature were published as was done in this case also by the Correspondent of the Hindu, from Washington who published some documents which were confidential; but in our case, he published them after the loan was concluded. In the case of Italy, the documents were published before the loan was concluded and, therefore, Government was forced to have a discussion.

So, it is obvious that nowhere was a discussion in Parliament held before the loan was concluded.

It is unfortunate that in this particular case, a correspondent of a very respectable newspaper should have disclosed the details which would have gone a long way, but for our active diplomacy, but for our subtle moves, would have gone a long way in entirely damaging not only the loan but the economy of this country. It is also peculiar and worth noting that, when Mr. Ram, the correspondent of the *Hindu*, said that he had obtained the documents, he gave the source as a Member of the Board of Directors representing a neighbouring country. This House would be interested in knowing that this is precisely the neighbouring

country, which has no interest in the development of this country, which was prepared to embarrass this country; they wanted that this loan should not come through because the regime in that country would not like the economy of this country to grow. I would be very particular in mentioning here that I would never attack a neighbouring country or any country, for that matter. People as such have never any stakes in this and they never take any initiative in this. It is the leaders, it is the Government, who do this, who create this problem, this type of enmity, and this is precisely what the representative of the so-called neighbouring country—it will be clear to the Hon. Member which is that country—did just to embarrass this country and to create a difficult position so that the loan was not obtained.....

AN HON. MEMBER : Do you say that it should be a secret one?

SHRI EDUARDO FALEIRO : We are under a misconception that the IMF is some sort of a charitable organisation or a welfare institution...

SHRI K. P. UNNIKRISSHANAN (Badagara) : It is a co-operative society?

SHRI EDUARDO FALEIRO : It is a banking institution. It is a co-operative organisation in some way. There is nothing to be ironical about it. It is a co-operative organisation in some way because so many countries are represented on that. On this type of transaction, it is never the case that this could be disclosed to the public; it is always done with a great deal of secrecy, with a great amount of privacy and this is what has been done in this case and what has been done in every single case in the past.

18.00 hrs.

We will go to the key point, namely, the conditionalities. The mover of the substitute motion has mentioned some of them. What are the harsh conditions—in the opinion of the mover of the substitute motion? He is not here—because we would like him to really confirm this. What are the harsh conditions? He quoted specifically from what is the policy statement while asking for the loan to the effect :

“Policies relating to private sector industry will aim at encouraging production, investment and economic efficiency. Further, the industrial pricing policy will take account of the objectives that industry should earn adequate returns and that prices should encourage efficient use of resources.”

Sir, a lot of noise has been made on those benches, not only by the mover of the substitute motion but also by Mr. Agarwal and others that here we are going against all the previous policies, this is a sell-out, that we are opening the country not only to the multinationals but to private interests in the country. Then what were the policies to which the mover of the substitute motion himself and Mr. Agarwal himself subscribed to when they were in power? Let us see whether they are different and I shall quote to you Mr. Agarwal from your own document—the so-called Rolling Plan which was a draft plan for 1978-1983 prepared by your Government. What does it say? In para 12.29 on page 187, of the first volume, it says) :

“...A fair return on investment should be assured in determining administered prices...The basis of administered prices will be a reasonable rate of net post-tax return on the net worth of the company. The minimum rate of

return will provide a reasonable margin over the long-term bank deposit rate....It is expected, therefore, that apprehensions of unreasonable restrictions on prices will not inhibit private investment nor lead to industries falling sick.”

This is your own statement in your own Plan. Are you disowning now—because it suits your convenience to score a debating point? I would like to submit this.

This loan has been an achievement of this Government. Nobody is happy to take loans. You got the loan because circumstances are not particularly good. Then we got this loan without the favour of anybody, without canvassing and in spite of the opposition of the largest shareholder, a party which has the largest voting rights—40% almost along with the other industrialised nations, that is the United States. This is really a very successful deal we have made in the circumstances though I must say...

SHRI M. SATYANARAYAN RAO : They would have blamed us if we had not got it.

SHRI EDUARDO FALEIRO : Yes, they would have blamed us because they must always take the opposite side of the Government.

Then, Sir, there was a point made on this side as also on that side....Here I would like to agree with the opposition when they talked about the unfairs pattern in which the voting rights are distributed in the International Monetary Fund and other international financial institutions. This time we were able to do it without diplomatic skill and on the strength of our own case and our own economy, but in future it will definitely not be in favour of the Third-

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world countries and all of them cannot afford this type of diplomacy. This is not fair in any case that the United States which has hardly 25% of the equity controls 40% of the voting rights while 121 Third-world countries which are there, have only voting rights to the extent of 31%. This is an unfair situation. Prime Minister's speeches have been quoted here. Government's efforts to change this inequitable set up have been noted here, but it is necessary that more efforts should be made so that these multilateral financial organisations are truly representative of the nations of the world which are to a large extent to-day the nations of the developing world. I was only on the point.....of the harshness or otherwise of the conditionalities. I shall continue pointing out these things. Let me stop for a moment. This draft Sixth Five Year Plan was prepared by the Janata Government when Shri Agarwal was a very competent and distinguished holder of the office of the Finance Minister and Prof. Dandavate was another member of the Cabinet.

Now, a point has been made again and again forcefully. That is that subsidies would be reduced, electricity and irrigation rates increased and public sector prices continuously increased. What did Mr. Agarwal say in the draft of Five Year Plan ? I quote :

"Some of the new sources of investment funds which would need to be tapped include : (a) selective subsidy reduction; (b) improvement in the returns from Central Public Sector enterprisesthrough price adjustment...."

This is in para 3.2—page 56. At the end of it, it is said :

"In a developing economy characterised by low income and the preponderance of small producers, the collection of small amount of direct taxes from a multitude of

low-income assessee presents insuperable difficulties. Indirect taxes have, therefore, to play a major role in resource mobilisation."

What were you doing three years back when the draft plan was presented ? I quote :

"The cost of subsidies on fertilizers, food, exports, controlled cloth at present levels is expected to be of a very large order. It is necessary to bring about a drastic reduction in some subsidy rates in order to increase the availability of 'resources for the plan'—(See para 3.24—page 59)

This will be the third and last example because neither have I the time nor have I the energy to go on quoting.

The point which has been made forcefully again and again is that import policy is being liberalised to enable the multinationals to enter the domestic market thereby affecting the domestic industries adversely.

SHRI CHITTA BASU (Barasat) :
You agree with this or not.

SHRI EDUARDO FALEIRO :
Whether I agree or not, I shall come to that later. Prof. Dandavate agreed two years ago to the draft Plan. He is expressly or by implication a party to it. It is said in the draft Five Year Plan (1978-83) and I quote :

"Provision of incentives and services for the promotion of exports is necessary in order to enable the exporters to overcome the inherent disadvantages as against their competitors in world markets".

I quote again :

".....The Import policy in the context of changed external payments position has to be selectively liberalised...The recent international developments, such as,

protectionist, policies, recession in the developed market economies coupled with domestic factors such as the need to restrict exports of essential items.....growing requirements of imported raw materials etc.....made it essential to ensure that the accumulated reserves are utilised in the best possible manner.....”

I shall mention something further which is in a different context. The difficulty in the whole debate in this House is that the policies are good when they are announced by you ; they become bad when they are announced by the other side and *vice-versa*. This is a typical case where we may only score debating points. I would like to say again that this has been a great achievement of the Finance Minister and of the Government. This is only the first step. This first step by itself is not going to be enough unless we are able to utilise this loan effectively to strengthen and develop our economy. For that, we should have the cooperation of the Opposition—their collective co-operation. Besides, we should have the sense of motivation of the people of this country. But if this loan is used and wasted, then we will be in for trouble.

We must use it to strengthen our economy with the cooperation of the people of this country. Then the coming generations will praise the Finance Minister and the Government and the Opposition for having co-operated in this great redeeming effort.

Sir, I have many more things to say but since you want me to conclude I will leave the other points for my colleagues to elaborate. Before I conclude, let me, however, mention one thing concerning my Communist friends. It is very peculiar with Communists. When they are ruling a country the policies which they always declared to be imperialistic become very good policies for them.

China is an example in point. China has become a Member of the IMF and is going to take loan larger than the loan we have obtained. Sir, it is even feared among third world countries after China takes the loan and after this loan of India, there will be nothing left. It is not only that. There are reports and expectations that Soviet Union is going to join. Let me say a word about West Bengal Government which has so forcefully created this whole debate. Mr. Maitra, is it not your Government which asked for and took initiative for an IMF loan for your Social Forestry Programme? (*Interruptions*) Did you not take the initiative to get a loan from IMF for the Social Forestry Project ?

SHRI INDRAJIT GUPTA (Basirhat) : Sir, at the risk of some repetition I must also voice my strong protest at the way the Parliament has been shabbily treated in this whole affair. I am not interested in what happened in London or Rome or somewhere else. This Parliament is the Sovereign Parliament of our country. At least that is what it is supposed to be according to our Constitution.

Sir, I was surprised at the kind of argument that the Finance Minister came out with this morning as to why the Parliament was not taken into confidence before the loan was concluded. He said that if we had come here the opposition would have gone on making speeches and the gentlemen sitting at the IMF Headquarters would have thought that that was the real public opinion in this country.

SHRI R. VENKATARAMAN : I did not say that. I said that there was opposition from certain quarters for this loan and they would have utilised this argument against us.

SHRI INDRAJIT GUPTA : You are always talking of the massive

[Shri Indrajit Gupta]

majority that you have got in Parliament. You have got three-fifth majority in this House. The whole world knows about it. So, if you had a debate in this House and ten or twelve Members from this side would have spoken would that have embarrassed you? It is so ridiculous.

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT) : It is only hostile speeches that are reported abroad.

SHRI INDRAJIT GUPTA : The truth of the matter is that it is also linked up with the other question. It becomes clear to us as to why we had not been allowed to debate the Five Year Plan before it was finalised. Never in my experience in this Parliament this has taken place. Jawahar Lal Nehru used to take initiative and time was found to discuss the draft of each Five Year Plan before it was finalised in the National Development Council. And this time, session after session, we have been asking, pressing, demanding, pleading, that some time must be provided to discuss the Sixth Five Year Plan. But upto this day time could not be found. And now what is the use of discussing it when it will be a *postmortem* affair, when the whole thing is a *fait accompli*? But the reason now is quite clear to me. Because, the broad economic policy framework which is delineated in that Sixth Five Year Plan is precisely the thing which the IMF has approved of. Because, it fitted in with their conditionalities. They have said it in this Memorandum of IMF. I have no time to quote. I could quote paras after paras of what they have said. So, this process had begun long before: the process of preparing the ground. You had it in your mind that you would go to the IMF. But you did not tell us of course but the ground was being prepared. I don't now where the Planning Commission came into all this. And when this IMF business was negotiated, I don't know where the Planning Commission

or the Planning Minister was. But the fact remains that Parliament's rights are constantly being eroded. I have said this many times and I will continue to say it. Members on that side of the House unfortunately do not seem to be worried about all these things. They would also I think participate in such debates if they took place. But they are not worried by the fact that such important issues, policy matters, matters which are going to affect the economic life of this country for years together are not debated here until the whole matter is sealed and signed and the package is delivered. Only after that there is a sort of an act of generosity, you say that now you can debate. Is this the role which a sovereign Parliament should play? What would have happened if a debate had been there? You have a massive majority. You could still pass whatever you like. You could have got your approval from here and gone to the IMF and said: "Look. Even after we debated it in Parliament we have come to you with a massive mandate from that Parliament." But you are so afraid of this miserable, truncated, divided opposition that you are not willing to take even that much risk. (*Interruption*) I am quoting you. I don't know whether I have quoted you correctly; I don't remember your exact words.

Any way there is one thing about which I am really baffled. I am listening to this debate since 1 O'clock. I am not able to understand yet what exactly you are going to use this money for. The Finance Minister has not told us anything. I understand that it is a big credit in foreign exchange which is now at our disposal, if we want to use it. But surely it is related to some specific purpose. You have said that it is not going to be used for budgetary purposes. All right. Is it possible to use it or any part of it to by Defence equipments? I don't know. You don't tell us anything. Will they allow us?

Will the IMF permit us ? Suppose you say, we want to spend this money for buying Mirage aircraft, what would they have told us ? Of course you can't buy many Mirage Aircraft with this amount; the price of Mirage aircraft being what it is, it will not get you very far. Recently I found that in Bombay he has said that part of it would be used for oil exploration. Is that so ? Please tell us, because, I understand one thing that your deficit on oil imports—at least in the next 3 to 4 years—is not going to diminish; it is going to increase. And the simple reason for that is that the capacity of the refineries that we have got in this country has practically reached the saturation point so that the question of importing crude and refining it in our own refineries is beginning to come to a dead end now. You will have to soon start importing petroleum products which are much more expensive, 10 times more expensive. Is it meant for financing that? Or, what is it meant for ? Is it meant for repaying the old debts, using a part of this loan to repay or to service the earlier debts or this debt itself ? What is it meant for ? If you use this whole amount you can pay compensation to all multinational companies in this country and get them out. It is a must to pay compensation to all the multinational foreign companies in this country and get them out. Surely you are not going to use it for that; it is obvious ; nor would you be allowed to do so ?

But please tell us one thing. Now you have got it in your pocket, you have come back triumphant victorious with 5,000 billion dollars in your pocket. Now, at least tell us for goodness sake what this money is going to be used for ? Because how far it will go how far it will give us relief, how far it will give us breathing space, all these things which have been said here is something which must be related after all to the

purpose for which it is meant to be used, about which the Finance Minister is still maintaining the curtain of secrecy and does not say. It has been said here by many Members and I endorse that view that this debate should be on strictly economic data and arguments and politics or ideology should not be injected into it. But I am sorry to mention this that here the Finance Minister in this interview to Mr. Kuldip Nayar which was published in Daily paper of Bombay on 30th November 1981 has said this. I have seen this in this paper, it may be in some other paper also. I ask you to dispassionately consider whether this is not injecting politics into this affair.

“The Opposition to the IMF loan is motivated by the Communists, R. Venkataraman, Finance Minister said this in an interview with me in his office.

Explaining the reasons for the Communist stand, he said that they were doing so because to the extent “we buy things from the West,” India's trade with the Communist countries would be lessened. “It is all their personal interest.”

Now, he has descended to this level.

“As far as the rest of the opposition, “they have joined hands because any stick is good enough for them to beat the government with.”

So for them it is just a stick and for us ‘personal interest’ is involved. I could also say as a counter-blast to that that if the trade from the Communist countries goes down and trade with the West goes up, somebody is likely to get some advantage out of it, sitting on the other side of the House. This is also an indirect admission that because of this loan I want him to clarify this, let us have a clarification. Does it mean that because of this

[Shri Indrajit Gupta]

loan the trade with the Communist countries is likely to go down and the trade with the West is going to increase? Otherwise, how is it relevant to say this here? Because a little while ago, Mr. Venkataraman has said that the IMF loan cannot impinge anyway on our bilateral trade agreements with the socialist countries. He made a big point out of it. But here he says like this. It is confusing, because it seems to imply that the trade with the socialist countries is likely to go down and trade with the West will go up and therefore the Communists are very much worried because it is their personal interest. He is quite pleased because it is his personal interest. It is not the way to explain things to the nation at all. Of course, later he has said that.

"Asked if there was quid pro quo in American's agreeing to abstain and not veto the loan, Venkataraman said that the US would have been only the dissenter. It would not have mattered. Other countries would have approved the loan. "After all they would also gain from the loan. Whether West Germany, Japan or Britain, all wanted to sell machinery, to India."

It is obvious what was going on.

Now, Sir, I would request him not to indulge in this kind of politicking or gimmickry. It is not a serious attitude to this thing at all. Now, I am also interested to say—of course references have been made—that a good friend of this country, respected friend of this country, Mr. Julius Nyerere, has just been awarded the annual prize of the Third World Foundation for Social and Economic Studies. I am very glad and this award will be handed over by Mrs. Gandhi at a special function in New Delhi in February next. Mr. Nyerere will deliver an address on this occasion. He has been chosen for the award in recognition of his ideas—and then the citation

says :

"...ideas which have been a source of inspiration and guidance to Africans across the continent and to people throughout the Third World in their pursuit of development, self-respect and genuine independence."

It is very good. Mr. Nyerere deserves our congratulations, he is going to come to Delhi to take this award from the hands of our Prime Minister. His services in this field have been recognised. He is the same Mr. Nyerere who had long ago publicly warned everybody including us as to what this IMF is. It is not as though we were not warned. I realise that there is a word of difference between a country like Tanzania and India in every sense, in the sense of development at least, but Mr. Nyerere had made it quite clear: "I do not know whether there are now people who honestly believe that IMF is politically or ideologically neutral. It has an ideology on economic and social development, which it is trying to impose on poor countries irrespective of their clearly stated policies." Mr. Nyerere had said.

"...the management structure of the IMF needs to be made really international, and really an instrument of all its members, rather than a device by which powerful economic forces in some rich countries increase their power over the poor nations of the world...When did the IMF become an International Ministry of Finance?"

These are some of the things which Mr. Nyerere had to say out of his own experience. So many people have said it. We are also only warning the Government, that they should look out for pitfalls and traps. If they try to do something and impose something which is against our national interest, I hope, this Government will stand up to that, of course, we would not know anything and we will be told of it, when it

will be too late, but I hope they will stand up to it.

Everybody knows what happens to a poor villager when he gets into the debt of a rapacious money-lender. If he cannot repay the debt, what happens to the poor kisan? He ends up by becoming a bonded labour, along with his family in the house of the money-lender. I would be the last man to wish that our Finance Minister should be reduced to the position of a bonded labour of IMF, but he must tell us, why he has taken so much loan. Why was it at all necessary to go in for such a big loan? Was it not possible to take a smaller loan, see how it works out and then decide and go in for a bigger loan, if necessary. This is an unprecedented loan; a loan of this magnitude no country has taken so far.

Finally, I have two or three points. I do not want to repeat what others have said. Here is this document, the IMF memorandum; it has already been laid on the Table of the House. This document of the IMF clearly shows how their mind is working. You can say: 'I do not care how their mind is working; I know of my own mind'. But this IMF memorandum is the reaction of the IMF team to the statement of economic policy which the Minister had given to the IMF along with a letter of intent. This is their reaction. Surely, we are interested in seeing what their reaction is and how they are interpreting the assurances and the statements which our Minister has given to the IMF. This is because, on the face of it there are so many things which show contradiction between what the Minister says here, what he had said and what the IMF people are interpreting it to be. What is it? Is it a claim of bluffing and counter-bluffing? It cannot be that. It cannot be that you were trying to bluff them and they were trying to understand something else and make a document out of it. This is a serious matter; and it should cause concern to everybody in this country. For example, on the question of subsidies, in the statement of economic

policy, which we gave, there is a sentence:

"The Central Government also intends to contain, and wherever possible, to reduce subsidies even though this might entail price adjustment for important commodities."

Now the commodities are not definite. They may be anything. But the IMF referring to this paragraph at page 18, interprets it like this:

"In the Memorandum, pricing policies continue to have a major influence on the production, procurement and public distribution of foodgrains, particularly cereals. Future cereal procurement, pricing policy will be guided by the need to keep price competitive with world markets. Procurement prices will be constrained by the need to contain subsidies on public foodgrains distribution."

This is the question I have been asking here umpteen times: that is the policy of reducing or abolishing subsidies which is an important part of IMF conditions going to be stretched to this extent of the public distribution system in this country, the price at which some cereals and some commodities are issued to the poor people of this country will also have to be jacked up? Are we going to give up all our own ideas? After all in a country where 50% of people are living below the poverty line, some protection has to be given to them even at the cost of subsidies. You cannot compare yourselves just with advanced or Western countries. It is your figure which says 48% of the people are living below the poverty line. I know at Cancon Conference some spokesman of a Western country probably had jibed at us and said that a country like India should pull itself up by its bootstraps. Then our Prime Minister said: Unfortunately in our country our people do not have boots, how can they pull themselves by bootstraps. Now the whole thing which this adds up to, is to ask that people must tighten their belt. Who are those people? I am wearing a belt. Some of my Hon. friends may be wearing belts.

[Shri Indrajit Gupta]

But those 50% people, below the poverty line, have they got belts? What are they going to tighten? And here the IMF Memorandum gives a clear hint that the public foodgrains distribution system, which is being subsidised, that policy will have to be changed. Then what is going to happen to the huge mass of defenceless people in our country? This is what has been made out. What have you told them and what have you written to them?

Now this is another paragraph. Now they are talking about our Plan, which is not being debated here yet. They are debating it in the IMF, but this sovereign Parliament is not allowed to debate it. "The Plan provides a clear indication of the shifts in policies in favour of exports. In particular the authorities have indicated in the Plan that the future policies would aim at providing a suitable environment that is neutral as between production for export and import substitution. The possible conflict between the two is being resolved in favour of exports, not in favour of import substitution. If realised, this would represent a major shift from the long-standing bias in favour of import substitution and would in time result in widespread changes in attitudes and the structure of the economy." This is the assurance they have got from you that import substitution, wherever it conflicts with exports, will be given up. The whole economy will be oriented towards exports and then this will lead, as they say, in due time to widespread changes in the structure of the economy.

And when were all these things decided? Were they debated? Did you ask anybody's opinion or suggestion in Parliament? Did you allow a free discussion on it? Isn't it a humiliating matter that we, Members of Parliament, have to receive these things from foreign agencies? Have we denigrated our Parliament to this extent?

Then, one more example I will give, because there is no time.

I am referring to things which they consider to be radical shifts and radical changes in our existing policy.

"The measures already taken are striking evidence of the major change in the Government's policy toward the private industrial sector, especially the role of private industry in promoting external adjustment."

So, I am really surprised. Many people, many well-meaning friends and many of my colleagues also have sometimes referred to the conditions, as though it is something like this: IMF have grabbed us by our necks and imposed them on us. It is nothing of that kind. Their conditionalities are well known; it is no secret at all; it is known throughout the world and to so many countries — as to what type of conditions they always seek to get out of you. So it is not fair to blame them. They did not drag you by the scruff of your neck to go there. Our Government went of its own accord, with its both eyes wide open. They went, and have agreed to all these things which the IMF itself is interpreting to mean fundamental shifts and changes in your policy. If you ask me, they agreed to this, and the Americans have also agreed to this, — they are making a show of abstaining, because it is a victory for them: a thing which had stuck in their throats, viz. that a big Third World country which is always holding the banner of self-reliance and planned development, such a country through these conditionalities, has been brought to its knees; or will be brought to its knees. This will be an end of self-reliance and end of planning for self-reliance. Why should they not? It is the best possible thing for them.

Therefore, I would like to conclude by saying that this argument about interest rates, is not a very honest argument. The main thing is not the difference in the interest rate. Of course, that is an important factor, but the main thing is whether, at the cost of lower interest rates, lower than what you would have to pay to the commercial banks, you are introducing in this country a new shift completely towards a policy of what Mr. Reagan refers to as the 'magic of the market place'. The magic of the market place, instead of planned economy, self-reliant economy, a strong public sector—which words he did not like. The magic of the market place, the free market—that is what they are making you to agree to bring in. You had agreed earlier. You are already doing it. It is all bosh. Somebody spoke: this One Third World country which stands against multi-nationals, and all that. But that is not what Mr. Sisodia says. I have no time. I can quote Mr. Sisodia who made a huge speech here the other day. I have got it with me—where he was making a big boast of the fact on 20th November at a seminar on investment opportunities in India, he

“pointed out that during the past 30 years, over 6,500 collaboration agreements had been approved by the Government. Many of these involved foreign equity investment.

About 1,000 foreign firms, from the USA, Britain, West Germany, France, Switzerland and other European countries as well as Japan had made investments in India or entered into licence arrangements for the transfer of technology.”

That is the point. Somebody here speaks with one voice, while the Minister is going around saying: ‘Look; we are a very good field for your investment, and you will get a very good return also.’ Naturally, the IMF people and the countries

which dominate the IMF are not idiots. They know what is going on. They want these forces to be strengthened, and that is what exactly you have agreed to.

18.37 hrs.

[Shri Harinatha Misra
in the Chair]

Then he also said that the extended financing facility is something for which the developing countries were fighting for long. But have they been fighting for this kind of a things? Who have fought? I don't know. Those people who tried to fight have all come out with statements—whether it is Sri Lanka, or Mr. Nyerere or Jamaica or anybody else. They may have tried to fight, no doubt. But what was their experience? They have stated it in unmistakable terms.

Finally, it is true—many friends have said it, and I need not labour it—your debt obligations now are at the present rate of exchange of the rupee i.e. the value of the rupee; but the Minister should tell us the position according to the process which is going on at present, as we see in the international monetary market. After 3 or 4 years, the same debt obligation, which is something to-day will be something quite different, when the price of the dollar goes up and the price of the rupee goes down.

There need not be a formal devaluation; this devaluation is going on in an indirect way. So, what will actually be the burden of debt servicing for which we have let ourselves in by this latest loan in addition to all the previous loans which are there still awaiting to be repaid; and where is that money going to come from, because I do not want to see Mr. Venkataraman ending up as a bonded labour in the house of the IMF. We have very

[Shri Indrajit Gupta]

high creditworthiness, he said. Well, I wish him well because high creditworthiness was not, in my opinion, the sole thing which they took into account, India is the biggest of the third world countries and to get that third world country into this position is something which is very big; I should say a big victory for them on everything that we have gone by all these years: self-reliance, planned economic development, public sector, etc., the domestic market to be expanded, this huge domestic market which is lying untapped in our country. I could quote more to show this. At least the IMF understood it to mean that small scale sector and medium sector industry which has so far under our own old policy given some facilities, certain areas are reserved for them; even that should now be tightened up because it may be that we are wasting our money like that. So, here in so many words—small scale sector and medium sector should not be given all these opportunities and facilities! What is going to happen in our country? Only the handful of Tata and Birla and Dalmia and Goenka are to prosper! What about the millions of small business men, the small entrepreneurs, the small scale and medium sector people? What is going to happen to them?

So, I would say that up till now, at least, so many questions which are there in our mind have not been satisfactorily answered, because the whole idea is to have a sort of shadow boxing match here and really not take people into confidence; they never did it earlier; they do not want to do it even now. Therefore, we are totally against this, the way the whole thing has been done; and we are very apprehensive of the kind of pitfalls and traps into which you are being led; you should not have an attitude of complacency which you will have if you do not spell out what this money is going to be used for. If it is just a huge amount which is being added to your kitty, you will be complacent. Therefore, I am

moving my substitute motion also. I think that this is being done totally against the long term interest of the country; and it marks the reversal of the basic policy which were not following always very scrupulously, but we were pledged to follow it all these years. Therefore, I oppose this.

SHRI Y. S. MAHAJAN (Jalgaon) :
Mr. Chairman, I rise to congratulate the Hon. Finance Minister on having negotiated such a large loan from the IMF in the critical conditions in which we find ourselves. It is a good thing he did in asking for a debate on this loan issue for it has given him an opportunity to clarify certain aspects of the loan and also to remove the misunderstanding which has been assiduously built around the extended arrangement by the opposition members who are opposed to the basic, economic and social policies of the Government and also by certain economic experts who have not properly understood the functions of the IMF, who suffer from certain ideological tilt and who have, therefore, seen in it their own fears which are utterly baseless.

The terms of the loan arrangement are simple, but they need to be understood in the proper perspective. I will not take the time of the House in repeating those terms. How much we are borrowing, how much would be available in how many instalments, in the next three years, these are matters of common knowledge now.

I would like to dwell a little more on the International Monetary Fund, because the previous speaker, Mr. Agarwal went to the extent of saying that we should get out of the I.M.F. And Hon. Mr. Gupta talked as if

we are like a fish caught by the fisherman America. He was solicitous about the future of Mr. Venkataraman. He does not want him to become a bondman or a slave. I appreciate his solicitude for Mr. Venkataraman. But may I say that this whole argument is based on a wrong understanding of the I.M.F. or the wrong way it is being looked at. The International Monetary Fund was established in 1945 after the Second World War to prevent certain financial or monetary dislocations, which occurred during the inter war period, that is, between 1918 and 1939. That was a period when many countries indulged in protectionist beggar my neighbour policies to encourage exports and discourage imports. This was a period when countries suffered from flights of currency, when there were no arrangements for inter-governmental or international lending for short or middle terms and countries indulged in competitive currency devaluation. It is to prevent recurrence of these conditions that the I.M.F. was established. It is an international monetary institution, the object of which is to help countries to tide over temporary balance of payments difficulties. A few years ago, the Articles of Association of this institution were changed to provide for this extended fund facility so that, the fund could lend money for a medium term that is for a period of three or four years so that the countries could get over the difficulties and at the same time carry out structural changes in their economy with a view to securing a better balance of payments position. It is an institution which helps countries in the balance of payments difficulties. That is why we approached the I.M.F.

We have been a Member of the IMF for the last 35 years, and during this period we have had a member on its Executive Board. Mr. C.D. Deshmukh as our representative had taken part in the formulation its basic policy. There is no reason why we should suspect the motives or the operations

of the Fund. It is a co-operative body for mutual interest, in which there are 125 nations. If you do not like it, do not go to it. You do not have to suspect it. When we are facing difficulties we approach it. At the moment the Indian economy is in such a situation that we cannot pay for our imports by our exports, our country is losing on imports. That being the position, how are we to face this type of situation? Some Members said that we should reduce imports of oil. Is it possible? What a facile argument! It lacks imagination? Can you do without petroleum? Can you stop the lakhs of pumps working in agriculture? Can you stop the thousands of buses which are being run in this country? Can you paralyse industry by stopping its supplies of petrol and petroleum products? I say this argument is not sustainable, it is an argument which refuses to look at the critical problem or critical conditions in which we find ourselves today.

Then Mr. Gupta, who is a knowledgeable person, kept on asking; why is it that Mr. Venkataraman, is borrowing this money; for what purpose is he going to use it? This is surprising. The whole purpose of the IMF is to lend money to tide over the balance of payments difficulties. Mr. Venkataraman has said it hundreds of time that we are borrowing to enable us to tide over the balance of payments difficulties. When we cannot pay for our exports, the Reserve Bank will get money from the IMF and pay for the exports. It will not form part of our budgetary resources. This loan has been taken to protect our plan resources, to ensure that the Sixth Five Year Plan is completed according to schedule. to see that our growth takes places as contemplated. Therefore, to say that the borrowing from the Fund will compromise our sovereignty, is not correct. Have they pointed out a single instance in which the International Monetary Fund will

[Shri Y. S. Mahajan]

divest is of our sovereign power? The whole arrangement has come before the House for discussion. If the House says no to the agreement, our Government will not enter into that agreement. Let the opposition make the House agree to their point of view. This House is a sovereign body and the Government has come before it.

You have yourself admitted that we have a tremendous majority in the House. We know the wishes and aspirations of the people of this country. This loan is needed for our economic growth. The Finance Minister, as our representatives has represented our wishes. The Government which he represents, has a tremendous majority in this House and, therefore, he need not have come before the House for getting the terms of the loan sanctioned.

As for our imports or exports, I need not say much. But for Mr. Agarwal's knowledge I will point out that our import and export policy is the same which was formulated by his Government in 1977-78. This has been continued. The Draft Five Year Plan says that there should be increase in exports. And for liberalisation of imports, the same policy has been continued by us. The word 'liberalisation' seems to have frightened some people. But the word 'liberalisation' refers to the increased access of exporters to imports. Liberalisation means simplifying import procedures so as to reduce time consuming processes. It is necessary to enable industry to get spare parts, components, raw material so as to meet their growing requirements.

Because, we contemplate that in the Sixth Five Year Plan industries will grow, industrial projects will grow by ten per cent every year, we will have a large programme of

industrial development to meet the requirements of this growing economy, larger imports will be necessary and, therefore, the word "liberalisation" has been used. But it has been misunderstood and people seem to believe that this word "liberalisation" would imply import of goods which are not necessary, import of machinery which can be produced here. Nothing of that kind will take place. Our import and export policy is quite clear. It is possible that in the paper submitted to the Executive Board on its agenda for the consideration of this item, you might find sentences here and there, which you can take out of context, and distort their meaning. So far as we are concerned, we are committed to this policy, which is laid down in the letter, in the memorandum submitted by our Minister, and not by whatever is stated in the paper, submitted as agenda for the Executive Board. I hope this difference will be borne in mind.

So far as the interest rate is concerned, we are getting the loan at an average rate of ten per cent. But for the opposition this is not important; what is important is the whole package by which they say we are surrendering our sovereignty; it is nothing but subterfuge, nothing but a way of deceiving ignorant people. I am sure Members of this House will not be taken in by such an argument, I have asked him to point out a single matter of importance in which the wishes of this Parliament or the desire of the Government will be over-ridden by what the IMF says but he could not do it.

As regards the debt obligation, the total disbursed external debt of the Government of India comes to 11 per cent of our national income and the debt service ratio comes to 8 per cent of our current receipts from imports. Incurring this debt will not increase our burden substantially. Even the IMF says that the burden

will not be heavy. It comes to about two per cent of our national income. So, I do not think the burden of debt payment will be heavy.

Shri Agarwal said that even 35 years after our independence there are still millions of people who have no house to live in. Who is responsible for this? Are not the members of the opposition also partly responsible for this? When we prepare a project, the opposition says the project should not be implemented, and creates tension among the population of that area. Whenever we want to construct a dam on a river, they will incite the people against it; they will say that this dam does not provide enough water, or does not provide water for a particular area. So, the project has to be modified while it is under construction. That takes time and because of the delay cost increases.

Take the case of our population. Our population has doubled since we became free. We started in right earnest to reduce the rate of growth of population. Who was responsible for misrepresenting our programme to the people? Did the opposition help us in seriously tackling this problem?

Shri Indrajit Gupta, who has been condemning us on the loan issue, has been all praise for our Plan, for our public sector and for the small-scale industries programme. It is a great surprise. I have never heard him praise these things all these years. So, this sort of argument will not mislead us. I am sure members on this side are shrewd enough not to be taken in for a ride by the members of the Opposition.

19.00 hrs.

SHRI A. NEELALOHITHADASAN NADAR (Trivendrum) :
Sir, I am astonished to hear Mr.

Venkataraman's categorical statement this morning while initiating the discussion that IMF is a cooperative society. I want to ask him through you, Sir, whether his opinion that IMF is just like a cooperative society is the opinion of his party, whether that opinion is in conformity with the legacy which his party itself is claiming to have inherited, whether that opinion is in conformity with the ethos of our freedom struggle, whether it is in conformity with the social and economic content of our freedom struggle. I do not think so.

My Party and I myself along with all other Leftist and democratic parties of this country consider the international financial institutions like the World Bank and the IMF as the principal physical instruments devised to pursue neo-colonial pattern the ideological instruments of which are free enterprise and market economy. What is the neo-colonial pattern and strategy at present? Sir, my request to all the Members of this House is that the question of IMF loan should be analysed and looked into according to the strategy and pattern of neo-colonialism.

Sir, the IMF loan to India is not an isolated case of either a bold, resourceful Government successfully winning a case in an international forum and securing an unprecedented advance from an unwilling party, as is made out by our Government, nor a generous operation on behalf of that party to rescue a country in distress. The abstention of the U.S. Director on the Executive Board of the IMF has lent some credence to the former view, but that abstention is more a brilliant diplomatic manoeuvre than a genuine move. It is difficult to believe that the U.S. could not have rallied sufficient voting power behind her against the loan if she was really opposed to it. The fact is she was not. She wanted as much as any one else to bring India

[Sh. A. Neelalohithadasan Nadar]

into the fold of the world capitalist system and put the shackles on her in the form of the loan. Her abstention demonstrated her apparent indifference in the matter, emphasised the keenness of India to obtain the loan in spite of "opposition" and what is more gave her a position from which she could argue for tightening up further the conditionalities of the loan at a later time.

The important point to note, however, is not the attitude of the United States in this specific case but the fact that the IMF is a willing partner to the loan arrangement and that this arrangement falls into the emerging pattern of western economic manoeuvre. The old colonial pattern having been dismantled by World War II it became necessary for the Western developed countries to evolve a new pattern which would ensure that the erst-while colonies continued to play their roles supplementary to their own economies by supplying them at comparatively cheap prices the raw-materials and other inputs they needed; rather that emerge as their competitors in the form of fully industrialised nations themselves. This new pattern, some time described as neo-colonial in nature, emphasises the importance of agriculture, regards sophisticated industrial production as unsuitable for developing countries and in the name of imparting technological and managerial know-how encourages foreign collaboration with multinational and other concerns which would ensure that the type of production undertaken would supplement rather than compete with their own production. The demand for a New International Economic Order involving transfer of resources from developed to developing countries, better terms of trade for primary products is naturally anathema to this neo-colonial pattern and cannot therefore be conceded in

spite of endless discussions, as all of us are aware.

The international financial institutions like the World Bank and the IMF are the principal physical instruments devised to pursue this neo-colonial pattern, the ideological instruments of which are free enterprise and market economy. The objective of integrating the Third World in this pattern without having to concede their growing demand for a New International Economic Order has now gained urgency in view of the widespread recession in the capitalist world. This recession is marked....

MR. CHAIRMAN: You may conclude now. You may state the main points. You have taken more than eight minutes.

SHRI A. NEELALOHITHADASAN NADAR: But all the other Members have taken more time.

MR. CHAIRMAN: But you know what is the attitude of the House.

SHRI A. NEELALOHITHADASAN NADAR: This recession is marked by stagnant demand resulting in widespread unemployment without however, a corresponding fall in the prices or in the profit levels of the entrepreneurs which are being maintained in oligopolistic conditions.

I want to point out IMF loan if imposed on our country in a given situation by the agents of the multinationals both inside the country and outside the country would be just to sell our economic freedom, integrity to the foreign economic powers and to the multi-nationals.

Sir, the Finance Minister may be right in holding that the conditions attached to the loan are in accordance with the Government's present policy. But even if this is accepted

it will have to be proved that these policies are in accordance with the objectives of self-reliance and social justice, which can be held that the IMF conditions are inconsistent with the latter. The first such condition seeks to impose credit restrictions curtailing separately for Government borrowings, banking system and for the total domestic credit. The ceilings now agreed upon may be realistic but there policy implications are unmistakable. The policy implication is monetarist one, not dissimilar to the policies adopted by the Reagan Administration or in the United Kingdom by Mrs. Margaret Thatcher. The statement released by the IMF makes this point clear when it states that the arrangement is to strengthen balance of payments position by "careful demand management policies". Whatever may be the suitability of these policies in the respective countries, the question arises as to their suitability in our country. They are unsuitable for a developing country like India and what is more, they are certainly in conflict with the pattern of development we have adopted.

19-10 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

Restrictions on Government spending with the ceiling on credit to Government does not mean that it should be merely a ceiling on the wasteful proliferation of Government bureaucracy. Actually, what is going to happen is that the curtailing of the Government expenditure means that curtailing of expenditure on social measures such as welfare measures taken to ensure some relief to the people who are below the poverty line. So what is going to happen because of these conditions? Whether it be the condition as regards the restriction on Government expenditure or as re-

gards the liberalisation of the import policy or as regards the export items, all are against the accepted policy of our nation, accepted from the days of our freedom struggle. Because of this condition, instead of the public sector occupying its commanding position, it will give way for the private sectors who are concentrating themselves on export items—not on the massive consumption items of our country but those for the affluent people in the world.

Similarly, while liberalising the items for export, the Government is deviating from the accepted policy of the previous Governments, ever since the attainment of freedom, whose legacy, they are claiming themselves to inherit.

So, I want to say that the liberalisation of imports in collaboration with the multinational powers will harm our economy and national interest. I am opposing totally the motion moved by the Finance Minister and I am supporting the substitute motion moved by Prof. Madhu Dandavate and others.

Mr. Kamal Nath asked a question: What is the alternative? While considering the alternative to this, to meet the problem facing our nation, we have to review our economic policy as a whole from our experience of the last 34 years. We have adopted the mixed economy as an interim arrangement. But what our experience of the mixed economy has shown is that this mixed economy is paving the way for the development of capitalistic forces not only within the country but also for the development of multinational interests in the country. So, I am of the clear opinion that the alternative to this problem is to deviate from the path of mixed economy and to concentrate fully on the public sector, to evolve a system of socialistic economy fully and to face the crisis courageously. But I do

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not think that the Government is going to do this.

During 1969-70, the present Prime Minister befooled even people like us that she was going to implement all the socialistic economic measures and policies in continuation of the bank nationalisation and the abolition of privy purses. But the present Prime Minister and her party is not at all, at present, willing to do such things. They are falling in the hands of multinationals and capitalists. There is an alternative to this loan. If you cannot do without this loan, you please quit from office and allow others to come and do whatever is necessary in the interest of the nation. I also want to make it clear before the House and through this House to the country and even to the world and the IMF that this Agreement will not be binding on the successive Governments which may come in power in future just as it happened in 1977. This Government may be falling and this Agreement will not be binding on the new Government.

With these words, I totally oppose the Agreement.

SHRI K. P. UNNIKRISHNAN (Badagara): Mr. Deputy-Speaker, Sir, in the last seven hours or so, the debate has gone along the predicted lines. But it has also been an experiment in education because we have been lectured too not only by the Finance Minister but by a whole lot of others also.

The Finance Minister, Mr. R. Venkataraman, while initiating the debate had pulled us up for our ignorance. But he also said that he will not want to educate us because he would like to see us go down the drain. He also took kudos for what he has achieved which indeed is historic and unprecedented performance

and achievement, raising the external debt of a nation with a substantial majority of people below the poverty line from Rs. 15,000 crores or so to Rs. 21,000 crores by a single stroke of pen. It is indeed a remarkable achievement for anyone and certainly he can take kudos for himself, his leader and his party.

He has said during his observations that the perceptions of IMF are not binding on him. Of course, that way, we are not interested in IMF perceptions so much, as much the perceptions of the Finance Minister for whom I have got great respect and affection and also those of this Government. Not only on this loan, but on his over-all approach and perception and understanding of economy, this economic and social agenda is put before this nation. But, if like Bourbones, he refused to learn anything or if he has not forgotten anything, that certainly is his business. But we have a right to know and that is why we have insisted on the debate.

Mr. Venkataraman tried to paint the picture of IMF as an innocent and innocuous cooperative society. But unfortunately, I am sorry, I cannot grant him the same innocence. It is yet another matter if the entire developing world does not share the honourable financial wizard's perception of the IMF including some of our friends whose names have been mentioned by Shri Indrajit Gupta as President Nyerere of Tanzania. He will probably say that Tanzania went and sought IMF loan at a wrong time. Because he is smart, he has gone at the right time. Thank God! He did not say—vegetarian diet that he is—that the IMF is a vegetarian tiger.

AN HON. MEMBER: He is an ice-cream non-vegetarian.

SHRI K.P. UNNIKRISHANAN :

What if we are signatories of Arusha declaration which decried the IMF role. It does not bother him nor does it seem to have made an impression on my distinguished friends on the other side. All this could have been avoided and all this was not necessary to my mind. It was just enough for him to come and tell us "Look here, our balance of payments are admittedly in a difficult phase. We have chosen a soft option, and we have ourselves decided, his Prime Minister, party and he himself, to change the basic policies and perceptions. No more of these socialist shibboleths we have been talking at the election time. No holds barred now. We are entering a new era of experiment where there shall be restrictive credit policies, public sector would take a rear seat, imports would be liberalised, massive influx of multi-national technology and capital encouraged and regulatory framework which we have built over the several plans dismantles down the line," then he could have joined the cooperative endeavour with IMF and World Bank and integrated the Indian economy perfectly with the international finance capital, which again is one of those concepts which he does not believe. Do you have the political and intellectual courage to say so? Then, the populist tiger on which you have climbed on, will devour you. I do not want right now at the fag end of this debate to go into the various details of this transaction. But I would say this that this is logical culmination of the distortions in the planning priorities and policies, objectives and instruments of implementation they have chosen for the last Government and for this Government as well, for the last few years.

But I would only want to pose a few questions. May be I am ignorant. We are all ignorant. We cannot claim the same wisdom which some of them can claim.

After nationalisation of banks which is a social goal, which dramatically changed the Indian political landscape 12 years ago under the present Prime Minister, probably a perception which was not shared by the present Finance Minister who was in a different camp at that time, a large volume of commercial bank credit was made available by nationalised banks for financing the credit needs of our public sector. Now the volume grew from year to year and plan to plan. This is also an instrument, as admitted in this House, by himself as well as by some of his predecessors, of resource mobilisation. Just the resources of nationalised banks were channelised into public sector instead of being made available to monopoly houses, speculators and other parasitic elements of our economy.

Even in the Sixth Plan document you have declared that about Rs 1,000 crores or so would be appropriated this way. But the IMF would have nothing of this and would tie down the hands of this Government, whatever Mr. Venkataraman may say, and starve the public sector of funds for normal needs and expansion, so that our nationally accepted strategy of economic development itself undergoes a profound transformation. What else is the meaning. I would like to know, Mr. Venkataraman, of the sub-ceiling on bank credit and also your commercial borrowings abroad. Even the Brazilian Junta did not accept it. But for all the wisdom that he has at his command, the Finance Minister and this Government have decided to accept this, so that we become a tied client. And if anything goes wrong anywhere, once the IMF says that we are ineligible because we are unable to pay after three years—things will be all-right for a year, but then they will turn round and say, and also the World Bank will turn round and say, 'enough is enough'—then its becomes applicable for the entire range of international commercial borrowings

[Shri K. P. Unnikrishanan]

from other sources. That is the debt trap to which people have always pointed out regarding IMF transactions.

You have said that the IMF staff perceptions are not binding on you. Allright. Probably your hearts beat in unison. You have told the IMF :

“It is our intention that the import policies for 1982-83 and 1983-84 will contain significant steps aimed at liberalising imports. Where appropriate in the interests of *economic efficiency*, consideration will be given to further imports of selected categories being produced at present.”

So, you would liberalise imports even in areas where domestic production can meet our needs. This is exactly what happened in other countries. I do not want to mention a long number of them because this was the IMF experience with every single developing country. Probably he could refresh his memory. This is what happened in Indonesia in 1968; the same prescription was given to Indonesia and they followed it, the domestic industries closed down, the market was flooded with Japanese goods and goods from other countries, and thousands and thousands of people were rendered unemployed and thrown out of factories and houses. This is exactly what happened there. Import liberalisation will move from one area to another and will further create another crisis in Indian industry—I hope, at least on facts he will not challenge me—where primarily the problem is one of crisis in demand, because you have a narrow demand base of ten per cent urban elite and ten per cent rural elite, because demand is not enlarging in Indian industry and on the top of it, you would have this done to Indian industry.

There will be a constraint on rupee resources, and when rupee resources,

are in short supply to buy Indian goods, foreign goods will be available in the interest of ‘economic efficiency’ according to the Minister. This is a part of the debt trap and soft option strategy which the Finance Minister has chosen.

Again, I hope, he will not challenge me on these facts. There is a worldwide recession. Protectionism has become a stone-wall. Cancun or no-Cancun, Brandt report or no-Brandt report, nobody is willing to change from their accepted positions. In agricultural commodity trade, he knows, during the last Century there has never been such a bad year in the international trade. And who is affected? The producers of primary goods, primary products. The Finance Minister has admitted here the other day—every one knows—that there is a deterioration in the terms of trade. It is in this milieu that the IMF insists—and this Government have agreed—on a free-for-all export drive, free of all regulations - industrial licensing, MRTP and FERA.

I would request him and I am sure he must have read it. There is a note of dissent to the Tandon Committee report on export strategy by Dr. Rangnekar, a distinguished economist and Editor of *Business Standard* and Professor Amin of Jawahar Lal Nehru University. I will request him to go through this again.

What are our possibilities? There is a craze for turn-key projects. That is why Davy-Mackay is preferred for Paradip steel plant. I do not want to go into other details. Then I will be hauled up; for saying many other things by saying that I am indulging in character assassination, that somebody is getting a commission and so on. So I do not want to go into that. After all we have also built up a lot of expertise even in certain areas of sophisticated engineering including construction of steel plants. That is one of our

achievements and they go round saying, 'Look here, after the United States and the Soviet Union we are the biggest technological reservoir of manpower.' But what do you do with it? What do you do with them? They must stand and remain as technicians and mechanics of sub-contractors, when the preferred elite of the IMF from Western Europe or USA come and do the job like Davy-Macky? This is the new objective of self-reliance of our Finance Minister.

It has been said and my friend, Mr. Indrajit Gupta referred to the question of subsidies. Procurement drive is an essential ingredient for a public distribution system. But you are not prepared to pay remunerative prices to the farmers. Now it again gets tied to the restrictions imposed by the IMF—the prices that you pay as well as the way it is financed. No more food subsidies. As he has rightly pointed out,—I do not want to repeat his argument—this has been a very important element—not that in terms of sophisticated management this is a very desirable goal but in a country like this where you have larger social commitments and goals about which they tirelessly proclaim from the Prime Minister, Finance Minister to the lowest in the Ministry that there is a commitment and hence we have the subsidies in food as well as fertilisers. One of the crucial points I want to say is that IMF's main condition is that there can be no further subsidies without their approval. That includes fertilisers as well. If food production has gone up in India and for which rightly credit is taken by the Finance Minister as well as other Ministers that we have achieved this—among other things, it is also because of the high yielding varieties programme supported by the inputs of chemical fertilisers which were subsidised throughout the period of sixties and the seventies and the recent price hike in fertilisers has already resulted in the

reduction in the intake of fertilisers. I would like to know the figures.

The Fertilisers Association in their 1981 report have said how the fertiliser market has been affected because the prices have gone up. Now you cannot give any subsidy hereafter. That means it would undoubtedly affect also the progress of agricultural production in India, which has been the base of the strength of its economy.

Will it not result in severe cuts in the social welfare and other programmes like Food for Work programmes which will directly hit the weaker sections of the society—about whom they are very much concerned? Barring a small group of middling businessmen, monopoly houses and multinationals importers and exporters and various other parasites who will enter the new virgin areas of operation, all other sections of the social strata will be affected.

Once India walks into the 'debt-trap' of IMF, it would find it difficult to walk out of it. Now, he has started already saying that we may not need the third instalment. I am glad of that. I hope he would have even gone into details and found other alternatives. He said that it is a disastrous adventure to make India an appendage of the developed Western world submerging itself in the world of international finance capital.

There has been a claim rightly Sir, that there won't be devaluation. It is claimed by him that we shall not accept devaluation as in 1966. The moment you say that it will not be acceptable, the Government further says and I quote :

"during the programme period the Government intends to pursue a realistic policy in regard to exchange rate".

[Shri K. P. Unnikrishnan]

At the current level of trade deficit within a year, IMF sources themselves calculate that a dollar will be worth about Rs. 12. IMF or no, IMF! Therefore, during the programme, a backdoor devaluation would already be under way affecting our currency.

It has been claimed by the Hon. Finance Minister that there would be no IMF veto on our policies but only consultation. Page 58 of the memorandum gives a clear indication of what this consultation is. The final note on extended arrangement for India, the word used is 'shall'. That is why Mr. Narasimhan had to write an explanatory note to the Finance Minister's letter and to say that it is not intended to exclude from the consultation provided for in that paragraph policies that the Fund considers are and would be consistent with achievements or the objective of the IMF programme.

The question is: what consultation means. I leave it there. With all my ignorance—what I would want to say is only this. In this country we all take credit that they are all nationalists and they belong to the greatest and mightiest nationalist movement and they are the inheritors of the Indian National Congress of 1885 and more so after 1905.

Mr. DEPUTY-SPEAKER : Including yourself.

SHRI K. P. UNNIKRISHNAN : Yes. That is why I am talking after 1905 when Shri Aurobindo launched the swadeshi movement and more so under Mahatma Gandhi, they had been talking about self-reliance and small little things. After all, they were not so sophisticated managers but they were great leaders and visionaries as we would like to

understand them. And then the man called Jawaharlal Nehru from that side declared two things :

"1. My generation, his generation, was condemned to hard labour. We do not mind it. But, we shall not bend on our knees whether the country goes bankrupt or whatever may happen, we shall fight for what we consider to be right."

This was what he said. That is why he talked of planning and talked of regulatory framework and talked of public sector's commanding heights of economy and so on and so forth. The other day the Finance Minister in this House in the last session, when I asked him, said 'why not? What is wrong, if you impose the burden on the future generation they should also share.' Of course, certainly, they should share. But the question is: what is the proportion of burden that you leave behind?

The question is: why did the Government of India go for this Extended Financial Facility for 5.8 billion dollars? Is it for introducing policies which, in normal circumstances, the people and Parliament of India or even the Ruling Party would not have accepted which could now be smuggled in the name of a serious Balance of Payments difficulty and, therefore, a case made out for an absolutely essential IMF loan?

Or is it a deliberate attempt to give up all our cherished policies which, as I said, we have always championed—championed and stood for. In any case there is no doubt, Sir, that it is the gravest ever challenge to our economic fulfilment and national survival.

SHRIMATI JAYANTI PATNAIK (Cuttack) : Mr. Deputy-Speaker, Sir, one of the Hon. Members from the Opposition benches quoted a nice Sanskrit word which enthruses me to speak on that. He quoted : "ऋणं कृत्वा घृतमं पिबेत्" यावत् निवेत् सुखं जिवेत्" I, however, got the impression that he does not believe in "ऋणं कृत्वा" Perhaps, he might be believing in घृत पिबेत्" "घृत" is not at all a necessity but a comfort and worry for the common mass, but he is more concerned for the common mass of our country. Our "ऋणं कृत्वा" is fully geared to achieve socio-economic priorities of the country. Moreover, Sir, including himself many of the Opposition members did not give the viable and practical suggestion for the subject of today. However, I must congratulate the Finance Minister for successfully negotiating the five billion dollar loan under the extended fund facility of IMF. That required a tough and successful handling. Moreover I must say that this sanction of the IMF loan is not only a financial success but also a diplomatic victory. This issue has generated a lot of heat inside and outside Parliament and almost it has become a subject of national debate. The Government of West Bengal took it to a partisan level through twenty-three like-minded economists. I feel this is mis-placed and they do not take the realities of the situation into consideration.

Sir, as the Finance Minister has already stated the need of the IMF loan arises from the adverse balance of payment position in the country mostly on account of increase in the price of oil. Export demand has suffered due to the global recession and the policy of protectionism followed by some countries. Unless external funds are available to meet the difficulties the country would be compelled to restrict drastically and vitally the essential items of import

like machinery and equipment and the raw-materials like cement, steel and other goods. This inability to import these essential items would affect the development of our country. A view has been expressed that commercial borrowing could have been a substitute for the IMF loan with all its conditionalities. The average interest paid on IMF package will be around 10.43 per cent which is below 18 per cent or more to be paid for the borrowings from the Euro-dollar market. Also, commercial credit, in the given circumstances is not easy to find.

Besides, the Extended Fund Facility of the IMF is an accepted mode of credit created for use by nations in circumstances like these.

There is no reason why India, a founder-member of this IMF should not take advantage of this facility.

Some have argued that the medium-term loan of this nature would only postpone the critical balance of payment situation and sudden access to large liquid funds would induce apathy and weaken our determination to take hard economic decisions. The Finance Minister has already indicated that the priorities under the Sixth Plan are fully geared to achieve import substitution in important areas such as oil, steel, cement and fertilizers. Besides, a strong export effort has been conceived and built up. While these steps would take a few years to show concrete and appreciable results, intermediate steps have to be taken to correct the imbalance in balance of payments so as to meet the import requirements and technological needs of a growing economy with heavy investment programme like ours. The IMF loan is the most acceptable of the various intermediate measures available to tide over the crisis.

[Smt. Jayanti Patnaik]

Great concern had been expressed about the conditionality attached to the IMF loan and the so-called 'surrender of economic sovereignty'.

I feel that sentiments have clouded better judgements. Firstly, such conditionality is a usual feature with IMF loan and it has not been framed specifically for India. As has been amply clarified by the Hon. Finance Minister, while the IMF would be consulted on all matters relating to the country's economic policy, the Government would adopt any policy change or any modification only with the approval of the Parliament.

Coming to the details of the conditionality, almost all the specifications are for bolstering the economy and improving the trade deficit measures the country needs to adopt to tide over the difficult situation.

Ceiling on deficit financing, and tightening control of money supply, curbing loss of public undertakings by doing away with administered price, revision of power tariffs to ensure reasonable return from power projects, curbing subsidies, tax reforms to increase tax revenue, improvement of infrastructure, liberalisation of price control to stimulate investment and production, conservation of energy, etc., are some of the conditions imposed. Whatever the conditions are, they are a part of our fiscal policy. Implementation of these conditions would of course be subject to our socio-economic priorities as determined by the Parliament.

Concern has been voiced by some regarding possible insistence of the IMF to devalue the rupee and to liberalise imports. So far no such conditionality has come to notice and the Finance Minister has categorically said there is no question of devaluation of the rupee.

I am one with the Finance Minister that the Nation would not have to compromise on self-respect, self-reliance, national priorities and our avowed policy to provide distributive justice to the people while maintaining the tempo of development with the help of the IMF loan. Thank You.

MR. DEPUTY-SPEAKER: There are still 4 or 5 Members to speak. My point is that each Member, irrespective of the party to which he belongs, must take only 5 minutes. I will call the Hon. Finance Minister to reply to the debate at 8-15 P.M. Later on nobody should say that there was no threadbare discussion. So each Member shall not take more than five minutes. Now, Mr. A.K. Roy to speak.

SHRI A.K. ROY (Dhanbad): Mr. Deputy-Speaker, Sir, there is nothing new in taking loan by this Government because this Government lives on loan. What is new is that there is an element of guilt in it. Sir, you know he who is guilty takes bail and he who anticipates trouble takes anticipatory bail.

Sir, here the Hon. Finance Minister went there in anticipation; he anticipated the approval of the Parliament to his agreement, he anticipated the approval of the Plan by the House. He anticipated even the argument of the Opposition Members. That is why he started replying to their argument. Sir, I would like to say one thing here. He has presented the picture in a very wrong way. I should say that the International Monetary Fund is not a co-operative, harmless, innocent, shapeless, colourless organisation. It is not like that. It is a political organisation, economic organisation with a particular motive, direction, character and thrust. Sir, it enforces foreign collaboration, dilution in foreign exchange rules, dilution in import policy and it has kept open preference for private sector over the public sector.

It is not the International Monetary Fund, it is the Imperialist Monetary Fund, or money-lending fund and an economic urge and neo-colonial desire of the super powers. If you read through the pages of the various documents, all these things would be evident, open and conspicuous. These are not hidden or concealed. Sir, it is not a cooperative organisation, it is a political organisation, an economic organisation and it has come up with a motive.

I would like to know one thing, whether the crisis or the compulsions which the Minister was describing are a temporary affair or a continuing one. That is the main point. He has taken the trouble of negotiating this 5 billion dollars SDR loan. As per the statement or the agreement that he gave us, 70% of the quota to our country, that is 1.2 billion dollars in one year and 120% of the quota that is, 2.2 billion SDR will be given to us in two years. That we could have got without entering into any controversy. That means, according to his agreement, we would be getting upto June 1982 0.9 billion dollars and in June next year, another quota of 1.8 billion dollars. If you add up both of these, it comes to 2.7 billion dollars. And then, we will get 2.3 billion dollars after our performance is tested. But, in simple way, we could have got 2.2 billion dollars with out entering into any controversy. The Finance Minister has made a statement somewhere—he makes a statement wherever he goes—that we may not take the third instalment, because we may not need that. If we need only two instalments, totalling to 2.7 billion dollars SDR, then what was the compulsion for going into it? He says that for this there is no regulation, no conditionality, like your bell, Sir, because your bell has also no bearing on the Members, they go on speaking.

MR. DEPUTY-SPEAKER: I think, this is not an aspersion on the Chair.

SHRI A.K. ROY: Not at all.

AN HON. MEMBER: It is an aspersion on the bell.

SHRI A.K. ROY: Here we have got the misfortune of having to pass many Bills for direct control, but we are dealing now with a subject of remote control. This remote control is such that even it can halt the discussion. They can have an argument that as having a discussion here may prejudice the minds of those 22 old executive directors, it should not be there. Here is an agreement which even before finalisation can have this effect on the sovereign Parliament; it can delay or defer the discussion. Had this agreement been delayed for one year, we would not have this discussion perhaps. We are captives even before the agreement; we do not know what will happen after the agreement.

MR. DEPUTY-SPEAKER: Please conclude now.

SHRI A.K. ROY: Now that you are acting as an executive director of the IMF, I will conclude here and sit down.

20 hrs.

SHRI CHITTA BASU (Barasat): Sir, to begin with, the Hon. Finance Minister in the morning, while making certain preliminary remarks wanted that the House should have this impression that this loan agreement has got no conditionalities except the two viz., ceiling on domestic credit and ceiling on debt credit to the Governments on the banking system. Other than this there is none of the conditionalities.

Sir, time is short to explain all this. But if you have got time to go through the IMF Memorandum, you will find that this Loan Agreement has been obtained on the specific basis of assurances given by the Government on many vital issues and on very wide areas. These wide areas include the

[Sh. Chitta Basu]

import policy of the Government, export policy of the Government, exchange rate policy, monetary policy, budgetary policies, industrial policies, foreign collaboration policy, foreign private investment, external borrowing policy, public distribution system, subsidies, agriculture price policy. At least I have been able to find it out from this Memorandum, which is before you and a copy of which has been laid on the table of the House. Therefore, at least ten aspects of our economy have been covered by the Agreement and the loan has been obtained on the basis of assurances being given by the Government.

Considering this in the entirety of the National policy, I think except Defence and External Affairs, every aspect of the Government policies have been covered under this Agreement, and these conditions and assurances I have got no time to explain all these—are nothing but a sell-out to the imperialist powers, Western capitalist powers, who are out to create economic difficulties, create hindrances in our independence and self-reliant growth. You are not giving me more time, but you should know certain things. The Government has agreed to encourage the development of private sector and multi-national corporations. I can find it out from the IMF Memorandum. The Govt. has agreed to withdraw the restrictions on the role and place of the foreign companies in this country. They have agreed to relax various regulatory controls on the import of machinery and raw materials and the restrictions on the royalty and private remittances. They have also agreed to remove the restrictions on the private monopolists envisaged under the MRTP Act passed by the Parliament. Besides, they have agreed to pursue an export-oriented industrialisation at home at the cost of the growth of the indigenous industries. Therefore, I have got much things to say.

MR. DEPUTY-SPEAKER : Preserve it for some other occasion.

SHRI CHITTA BASU: Sir, they have also agreed before the IMF and the World Bank for consultations before finalising future monetary and fiscal policies. They have also agreed to have continuous dialogue with the IMF and the World Bank, thus giving them right to assess and monitor our economic policies. Therefore, Sir, it is nothing but a compromise on economic sovereignty of our country. It is nothing but a deflection from the strategy which our nation has adopted for the growth of our economy and self-reliance. Lastly, I want to make one point. Some Members here accused the West Bengal Government for bringing facts and issues regarding this IMF affairs. The entire House should express its thanks first to the newspaper "The Hindu" and then to the Government of West Bengal, since by the publication of this book, viz., "Facts and Issues" they have enabled Parliament to have an informed discussion during this debate.

The role of the West Bengal Govt. has also to be made clear. The economic policies of the Government of India and the loan agreements they have concluded, have naturally got repercussions on the economy of the country as a whole, including all the States. Government of West Bengal has said:

"The most recent pronouncement of the Union Government threatening the States with a reduction in their Annual Plan and, therefore, their developmental efforts also perhaps has an identical inspiration since one of the conditionalities is a ceiling on public expenditure".

MR. DEPUTY-SPEAKER : A copy is with the Finance Minister.

SHRI CHITTA BASU: Therefore, it is the duty of each and every State Government, not only West Bengal Government, to take interest in the matter.

SHRI R. VENKATARAMAN: You have run into a deficit of Rs. 200 crores.

SHRI CHITTA BASU: You cannot say that the economic policy formulation is the exclusive privilege of Mr. Venkataraman. The State Government have got their right. They have their right to explain and to take part in the formulation of economic policy of the nation, because they are also a part of the nation. West Bengal is a part of the nation. Therefore, we are concerned about the economic policies. And so, West Bengal Government deserves congratulations from you, and from the entire House.

SHRI GHULAM RASOOL KOCHAK (Anantnag): We had a very valuable debate; and all the aspects of the problem have been discussed and identified. The merits and demerits of our negotiations with regard to IMF loan have been brought forth. But it has not been pointed out as to what has necessitated this huge loan. We have searched for it asked for it and have made a lot of efforts to see that this loan is secured from the International Monetary Fund.

One important point is that the whole world is going through a financial crisis. India is also undergoing it. So, we had to find an answer to this problem of how to tackle this situation in India, and bring fiscal stability and economic development to our nation. In the light of the 6th Five-Year Plan, there is an urgent necessity for procuring resources, so that we could go ahead and take steps to fulfil the commitments we have made to the nation.

The Hon. Finance Minister has, without mincing words, categorically stated that he had not taken this Parliament into confidence, because it might have torpedoed his efforts to procure this assistance from IMF. He meant to say that if the discussion had taken place, he might have been confronted with many difficulties.

But I have to express my deep feeling about it that the Finance Minister has not taken into account that it was not the problem of the Government but the whole nation. Being representatives from the whole country, we would have contributed equally thinking that it was the nation's problem. While the Finance Minister was undertaking these negotiations he could have also taken into consideration some of the wiser ideas that this House could have given him at this critical juncture of the world phenomenon.

We must thank the Hon. Finance Minister who has succeeded in getting this loan from the IMF and has set an example. It is not as a matter of courtesy, it is not as a matter of grace that we have got this loan, but the whole world has put its seal on this fact that we are economically sound; it was on the strength of our economy that loan was granted to us.

So far as IMF loan is concerned, we know its conditions; it is not a new thing for us. We know all the restraints that we have to undergo and what are the conditions? The only question is how we should utilize this fund because, as has been pointed out by our Finance Minister, we have certain objectives that forced us to take this loan. If we succeed in achieving those objectives, then I say that it was in the fitness of things that we should have got this loan on better terms than we have got it at present.

I would like to bring to the notice of the Finance Minister that there is

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no room for complacency ; we must be vigilant to see that our policy continues to be in conformity with our national interest. We are happy to here today from our leader, Shrimati Indira Gandhi that it would not be at the cost of our national interest that we are accepting this loan. The terms of performance are to be reviewed after two years. What I find at present is that the initial loan which is going to be released in our favour is to a lesser extent. Then the huge loan will be released after a review and performance. So, there is a danger because the pressing necessity at present is about the balance of payment position that we face urgently. If a small amount of loan is going to be released at present, then how are we going to improve our balance of payment position ? That would again hit hard our economy even in the present circumstances.

The second point is that we have to keep a note of this fact—because our performance has to be reviewed—that at the time of review of our performance, we may not be put in such a difficulty. Because after all, this Fund is subjected to so many restraints and constraints, often by big powers like the United States of America. At that time, if our performance does not come up to the extent needed, we may be roped in such a policy where we may be forced to accept such a policy which those colonialists want us to follow, so that we surrender before them. It may be interfering, when we have given it some other policy, that we are having, we are building a socialist pattern of society, but their emphasis is on private investment, and their emphasis is that there should be checks on public distribution system, that there should be checks on subsidies. So, our best thing would be, and we would congratulate the Treasury Benches if they make such performances wherein we can shoot the world if we can get loan,

but we are having that credit and we are having that will-power and we are having that management so that we can repay it back so that the very loan that has served as a burden on our country becomes a way of doing so in reality. If this thing is not taken note of it is felt that the condition of balance of payments is accepted as successfully deteriorating. And lastly. (*Interruptions*).....

AN HON. MEMBER: Minister says that this much support is sufficient.

SHRI GHULAM RASOOL KOCHAK: Lastly, we should ensure that this loan is utilised not for any non-productive methods but it is utilised for productive things. Because, unless and until we increase exports, for productive methods and we utilise them for big projects, power projects, for substantially increasing our exports, for those items which would give big relief to the common man, this loan does not serve its purpose. Supposing, I take an example of Kashmir. If it is utilised for Salal Project, if it is used for the Doolhasthi project, if it is used on a big industry, or to secure crude, or if we are helped to secure export market, then it would be a source of benefit and it will be an asset. I again thank the Finance Minister for succeeding at least to bring this country out of the present crisis.

MR. DEPUTY-SPEAKER : Shri Chandrajit Yadav is the last speaker. My Hon. friends Mr. Subramaniam Swamy and Mr. Somnath Chatterjee will excuse me.

DR. SUBRAMANIAM SWAMY: Why, why ? This is such an important matter...(*Interruptions*) You ask him. The Finance Minister is not objecting. (*Interruptions*).

MR. DEPUTY-SPEAKER : That is all right. Every Party has been given a chance. Shri Chandrajit Yadav will be the last speaker. (*Interruptions*)

DR. SUBRAMANIAM SWAMY: It is a question of.....(Interruptions)

MR. DEPUTY-SPEAKER: I cannot extend any special concession for Subramaniam Swamy alone.
(Interruptions)

MR. DEPUTY-SPEAKER: Shri Chandrajit Yadav will be the last speaker.

AN HON. MEMBER: Is the Finance Minister agreeable?

DR. SUBRAMANIAM SWAMY: The Finance Minister agrees.

MR. DEPUTY-SPEAKER: It is not a question of the Finance Minister's agreement. It is for me to decide. Mr. Chandrajit Yadav.

SHRI CHANDRAJIT YADAV (Azamgarh): Mr. Deputy-Speaker, Sir, I will not use any harsh language or any harsh words. But I will very mildly say that it is a very sad reflection on the Indian economy that after 34 years of our independence, India, which has been championing for many years for a new international economic order, has succumbed before the International Monetary Fund under most humiliating and harsh conditions. This huge loan exposes the weaknesses of the present economic system of India. It is a serious pointer to future that if our country is allowed to go this way, then we are in for a serious danger. It reminds the country of Shri Ashok Mehta's brilliant idea when he led the country to the garden path by agreeing to the World Bank loan, agreeing to devaluation saying that it would help to increase our export and Indian economy would be out of the red. That was the disaster for our economy. It was a blunder for India to agree to that. I think, the country is going to make another blunder by agreeing to this. This will not only be a blunder but also an undesirable thing. I will not say total sell-out because I am not one of those who think in

those terms. But it is not necessary for India to go in for such a big loan. India could have found ways within our framework. The Government could have mobilised resources from within the country itself to solve the balance of payment problem. By agreeing to this kind of terms to the International Monetary Fund, we have agreed that the International Monetary Fund will periodically review our performance. This has never happened in our system that a foreign agency or an international agency, which is known to work on behalf of international monopolists, an agency which has been taking an anti-developing countries attitude throughout, has been given this power of reviewing our performance. What will they review? They will not review as to how we are spending their money. But they will review our export import policy, industrial policy, agricultural and prices policy, how the public distribution system is functioning in this country. Have not we, really speaking, succumbed ourselves to these most humiliating conditions? It is against the national dignity and honour.

I am very sorry to say that the Finance Minister, in his wisdom, has made a very derogatory remark about Indian Parliament when he said that if he had come earlier before Parliament, perhaps, Parliament would have created problems. That means, discussion here does not matter for him.

I will ask two questions from the Finance Minister. Will he give an assurance to this House that if in future the International Monetary Fund in its periodical reviews, tries to put conditions which will be against our national dignity and against the accepted policies of Parliament, at that time, will he cancel this loan? Will he also give the assurance that under the pressure of IMF, the Finance Minister of India will not agree to cut subsidies on essential goods, which the poor people of the country need in this most difficult time, because of

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rising prices and so many other difficult problems? I would emphasise that the Government of India must give a very serious thought to the policy of our wrong priorities. Had this country taken steps and spent money for the exploration of oil in this country—he now feels that may be in two or three years it will go a long way to give relief to us—had we spent money on priority basis on exploration of oil in this country, perhaps India would have been self-sufficient and we would not have been in this difficult situation today. Therefore, the entire wrong priority policies of the Planning Commission and the Government of India are responsible for creating this serious situation in our country and it is high time that the Government of India have a serious review for the future of our planning policy so that our priorities are necessarily and properly fixed.

Even in this difficult year, I would like to ask, why did we put ourselves in trouble? What was the need of importing 2.5 million tonnes of wheat at a time when there are difficulties of foreign exchange? What was the need for importing this amount of wheat, when we were in difficulties, when our country has produced the highest amount of foodgrains this year? Why? It is because of their failure. They could not procure foodgrains here. So, they landed us in this situation of increasing our foreign exchange burden.

Every day the Information & Broadcasting Minister goes on announcing that in the Asian Games we are going to have Colour T.V. Are we not going to spend foreign exchange for that? Certainly, there is going to be outflow of foreign exchange for that. At a time when the country is passing through such a grave foreign exchange situation, when, according to the Finance Minister, had the loan not been taken

what would have happened is that transport would be stopped, irrigation activities would have to be very drastically cut, under such conditions, what was the need for going in for this kind of Colour TV and other things?

This Government should have taken the country into confidence and should have said that we are in great distress, our economy is under great strain, therefore, we will not import sugar for some time, may be edible oil import may be cut for some time, we will not be able to allow the import of unnecessary machinery in this country, which the industries are importing, if they had said it, perhaps the country would have been prepared to bear with those difficulties, instead of going in for this kind of national humiliation.

Lastly, I would say that this situation, where we have been landed after 34 years of our independence is posing certain dangerous questions and I would like the Government to really consider those questions. It is not a question of blaming the Janata Govt. or the Congress Government; may be certain wrong things have been done by one Government or the other. But today the real situation is that this country is facing a serious situation.

For example, we are second from the bottom from the point of view of *per capita* income. We are not even near China. So far as China is concerned, it does not have unemployment, as we have got today. We are a country where 40 crores of our people do not have enough food or clothing. This is a reality. India today has become a country of the biggest number of poor people with sub-standard living and the biggest number of unemployed. This is the situation and my fear is that perhaps out of wrong political understanding this is being done.

I will not challenge the *bona fides* of the Finance Minister. He is

patriotic. We were glad when the Prime Minister came and announced here that she will not agree to anything, which is against the accepted policy of this Parliament. But all this bravado will not do. So long as you are economically weak, when you have earlier followed wrong policies, may, disastrous policies, these words or simple expressions of high ideals and very patriotic feelings will not do. Nobody challenges your patriotism. We know that nobody can question it. I cannot even doubt his motives. But I am challenging the wrong socio-economic policies, which are responsible for this kind of situation, which will ultimately result in grave consequences. Where will it take us? It will result in strengthening the monopolist powers in this country, it will result in unnecessary interference by the international multi-national corporations in this country, and it will result in weakening our economy and compromising our socio-economic objectives. And therefore, I would say that the Government must give a serious thought to the fact that this kind of disastrous and wrong socio-economic approach will take this country to greater trouble.

I am just winding up my speech by not quoting any political leaders, but by drawing the attention of the Finance Minister to what a high Indian official, who had the experience of working with the International Monetary Fund, Dr. Bhabatosh Datta, said. What did he say? I quote from *The Statesman*, Delhi, dated 15-11-1981 as follows:

“Refuting the suggestion that the International Monetary Fund has imposed exceptional conditions on India, Dr. Bhabatosh Datta, formerly Chief of the IMF’s South-East Division, explains that the terms are always “harsh” and that there was no need for India to invoke them by borrowing such a huge amount”.

He says that we have put our neck in the most difficult situation in the net of the International Monetary Fund which is going to create a disastrous situation in India. He concludes by saying:

“One solution, he suggests, would be for India voluntarily to refrain from claiming subsequent instalments from the International Monetary Fund”.

Therefore, I would request that the Finance Minister after having heard not only on the floor of this House, but also the experts outside and the Indian public opinion should very seriously give a thought to cancelling the International Monetary Fund loan and he should review his policies and try to raise internal resources to meet this difficult situation.

SHRI R. VENKATARAMAN: Mr. Deputy-Speaker, Sir, after a long debate it is rather tiresome for most Members to hear again a long speech. I shall, therefore, confine my reply to the salient points which have been raised in the course of the debate.

In the course of the debate certain questions were asked. They require answers. There were certain opinions expressed as their own, as their interpretation. Then there was a general discussion and then there was a tirade. So, I will have to sort out my replies to each one of these things in an appropriate way and meet the points raised.

PROF. MADHU DANDAVATE: Tirade against tirade.

SHRI R. VENKATARAMAN: I propose to ignore the last. Do you need it?

At the outset I would like to express my sincere thanks for all the persons who have contributed to the debate. I am very happy that all Members who participated in the debate had made a thorough study of

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the Memorandum which the Govt. submitted, the assessment made by the IMF staff and have very carefully analysed and compared the one with the other, and I want to thank them for drawing my attention to certain things for which my reply is needed.

Sir, broadly I will deal with the points which require explanation. Shri Indrajit Gupta raised the point as to how this money is going to be used, and this seems to be worrying a large number of Members. This loan is not a budgetary support. This is only an assistance to meet the foreign exchange deficit of the Government of India. This Rs. 5,000/- and odd crores will not be brought into budget at all. It cannot be spent on any of the things on which many Members wanted it should be done. In fact some people even thought that it should be distributed, being such a large amount.

MR. DEPUTY-SPEAKER: There is a Private Members' Resolution for the increase in salary and allowances of the Members of Parliament. The discussion is going on.

SHRI R. VENKATARAMAN: Even for such a laudable object. I cannot spend this money. This will only be a support for the foreign exchange deficit. I have mentioned in the course of my introductory statement this morning that at the end of this year there would be deficit on current account of about Rs. 3,000 crores at the end of this year. If it continues for another year then Rs. 3,500 and odd crores which is now foreign exchange reserve in our possession will be exhausted and we will have no foreign exchange whatsoever to meet our essential obligations and if at that time we want and try to borrow, I said, we will not be able to borrow. We shall have to go and beg. To-day we

are in a position of strength—with foreign exchange reserve of about Rs. 3,500/- crores. We are raising this loan and this loan cannot be used either for budgetary purposes, for defence purposes or for internal administration or anything of the kind. But indirectly it will have one salutary effect. The foreign exchange which we would otherwise have to meet from our own earnings could be used for better purposes, particularly for internal use. But this amount as such will be transferred to the Reserve Bank of India and people who want the foreign exchange must pay in rupees to the Reserve Bank of India and request release of foreign exchange from the Reserve Bank of India. This is the modality of operation.

The question was asked, is it necessary to have this large loan? What I have established is only a line of credit. I have not borrowed Rs. 5,000 crores but I have established a line of credit by which I would be entitled to borrow upto Rs. 5,000 crores in the course of three years, if I want. As the present moment it appears that we may require it. But there are possibilities of our not being under pressure to use this money under certain circumstances. (*Interruptions*) For instance we may increase our oil production and if we increase our oil production then our import of oil will go down and to that extent we will not be requiring foreign exchange.

Shri Indrajit Gupta said your refinery capacity is fully employed, what will you do? What is usually done in international oil business is you swap the crude for the product and if we produce a larger quantity of crude in our country, we will be able to swap crude for the products with other countries and we will be able to reduce to a very large extent our import of oil and oil products.

I am a believer of God and God willing, it may be that if the prospects which we have in oil exploration,

particularly in the Bombay High, in the Godawari Basin and the Cauvery Basin prove to be successful in the course of seven or eight years, it would be possible to reduce our dependence on imported oil to become more or less self-sufficient. In the course of seven to eight years, it would be possible to reduce our dependence on imported oil and to become more or less self-sufficient. But, in any event, we expect upto 1984-85, 70% of our requirements would be met by us and about 30% will have to be imported. This is the present arrangement. Therefore, with that sense of confidence, we have gone ahead. We do not want to go and borrow a small amount now and then if you do not immediately get this oil in the next year, then you have to go again and in which case we would have exhausted our foreign exchange, gone to them under the conditions in which they would be able to impose, what you now call, the stringent conditions. That is the reason why we have gone for this large loan of Rs. 5,000 crores. As I said, it is only a line of credit and it is not total.

This will lead to the next question as to how our total debt position is increasing. Assuming that we will take all this Rs. 5,000 crores, our debt position will increase.

Today, at the end of March, 1980, it would be around Rs. 16,000 crores. Then, at the end of five years, in 1984-85, it will be Rs. 21,000 crores. But the IMF has itself said that our debt servicing charges will only be ten and odd per cent of our receipts. You will have noticed in page 10 of IMF Document that they have analysed as to what would be the receipts and expenditure in foreign exchange and then they have said that our liability will only be 10% of our receipts. The result is that it is not going to be such a heavy burden as people apprehended. After all, it is natural for the country to feel wor-

ried that because of Rs. 5,000 crores, it is going to be a very big burden. But it will not be so because we are anticipating our increase in exports, our increases in oil production and we have made a projection of all these things and reached a conclusion, to which the IMF experts have also agreed and they have said that it would come to only 10%.

Then, Shri Satish Agarwal has mentioned that we will not be allowed to draw "900". I said, in my statement on November, 23rd, that we would be allowed to draw SDR 900 by 30th June, 1982. Upto this March we will draw 600 million. There is no doubt about it.

There is then going to be performance guarantee. Please make a note between performance guarantee and review. The performance guarantee is about the monetary ceiling, the monetary ceiling being that the Government borrowings shall not exceed 30981 crores and the entire total borrowings commercial as well as Government shall not be exceeding 74,181 crores by March 26, 1982. Well, as I also explained in the morning, there is absolutely no apprehension whatsoever of our exceeding these limits by 26th March, thanks to the buoyancy in our revenues and also the Bonds which promised to be very successful. I said, "There is not going to be any apprehension and there is no problem about the drawal of this money".

Now, one point which Shri Biju Patnaik has said is that the oil prices went up only by 120% whereas our outflow on foreign exchange has grown from Rs. 1,700 crores to Rs. 5,700 crores, please explain. Now, his figures are not correct. The average price of oil went up from \$:14.31 per barrel in 1978-79 to £ 36 per barrel. That is a little over 2-1/2 times, and therefore, the figures, which he got, were not correct.

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Over and above that, there were one or two other disturbing factors. One was that owing to the agitation in Assam, we could not do any refining at all in Assam and that itself cost us nearly a thousand crores of rupees. That one-year closure of the Assam oil fields cost the Government about Rs. 1,000 crores and we had to increase our imports. The quantity of imported oil and petroleum products rose from 18.6 million tonnes in 1978-79 to 23.34 million tonnes in 1980-81 because of the Assam situation and an increase in the oil consumption in the country. Therefore, taking all these things together, the oil bill went up from Rs. 1,700 crores in 1978-79 to nearly Rs. 3,700 crores in 1979-80 and to Rs. 5,500 crores in 1980-81. So, there is nothing to explain. These are the facts in respect of this.

One of the other questions asked was: Could our borrowing liabilities increase if the dollar appreciates further? Our purchases are only of SDR and unless SDR increases in value, it will have no effect so far as the dollar is concerned. Therefore, the dollar-SDR ratio will decide our borrowing and our liability thereon.

Then, some Hon. Members said, we could have used our monetary gold and, by selling it, we could use it for our exchange requirements. The total quantity of gold that we have in our reserves is 267.29 tonnes. The international market price, as on November 20, is Rs. 1185 per 10 g. and, on that basis, the total value is Rs. 3167 crores. I do not think the House will ask me to kill the goose that lays the golden egg. If by one stroke I sell this gold, even the credibility which I command in the international market of having a certain quantity of gold reserve in my hand would be gone and we would be left without any reserve worth the name and our credibility and credit worthiness in the international market will go down.

About the debt servicing, I have already mentioned.

I will now deal with some of the other issues which have been raised. Some Hon. Members said that the experience of some of the countries like Tanzania or Jamaica has been very unhappy and, therefore, we should take a lesson from them and we should not have gone into this arrangement at all. I would like to mention that as many as 21 countries entered into the arrangements of this kind with the IMF and, out of these 21 countries, Kenya, Phillippines, Mexico and Egypt concluded their arrangement and completed it without any problem, without any difficulty. Not only that. On account of using the Fund, the exchange reserve which they got for their advantage, Kenya was able to say that they did not want to draw the full amount. They were able to, as I am contemplating what I will do, say that they did not want to draw the full amount. Mexico was another country which turned out to be later one of the oil producing countries. It is now one of the OPEC countries. That country, when it drew the loan from the IMF, did not draw the full amount and its balance of payments situation improved. Therefore, it is not that if you enter into any such arrangement, you will necessarily come into this kind of difficulty. If your programme and your policies for improving exports and increasing your export earnings succeed, then there will be no problem at all. If, as I said, we are able to get some windfall receipts by way of oil discovery and oil development, then we would be in a much better situation. So, merely to say that some of the countries have had sad experience and so we should not go in for this loan, would not be a logical way of dealing with it.....(Interruptions)

DR. SUBRAMANIAM SWAMY:
What about the latest Bangladesh cancellation?

SHRI R. VENKATARAMAN: because some countries entered without having any proper adjustment programmes. That is the point. If they had proper adjustment programmes, then that is no problem. Even here, I want to say, and I want to assure the Members that if, as they apprehend, onerous conditions are imposed on us, which we do not think it would be possible, considering our economic strength and considering our present position in foreign exchange and so on, still if you think that such onerous conditions are imposed, it is not necessary that you have to accept them. We can say that we forgo the loan. So, merely because we have entered into this arrangement it does not mean that we have bound ourselves hand and feet. Some Members are all the time saying: "Don't become a bonded labour of the IMF". Nobody would become a bonded labour of the IMF merely because we have agreed to enter into this agreement. It all depends on the economic strength of the country and the political will in the country. These we have both the economic strength and the will in the country and it is not possible for anybody to dictate terms which are derogatory to national interest and national self respect. This is my point and the Prime Minister has assured once again the House, because it was repeated over and over again, the Prime Minister thought that it would be necessary to clarify this and give the assurance, which I think the nation will welcome.

It is not necessary to go into all the details about the various conditionalities about the economic programmes. I have got all of them tabulated here, about the reduction in subsidies, about the import policy, about the fiscal and monetary system and so on. Every one of the items has been mentioned. Here the question is, are these terms and conditions derogatory to our national self-respect? Secondly, are these terms and conditions

which you say are embodied in this agreement against our national interest? It may be said that it may not be derogatory but it may be against national interest. We will not do anything which will be against our national interest. Or, it may be said that it may be in the national interest. But it may be derogatory to our self-respect. Then, we will not accept and we will not do. Now, this is the this kind of thing. On the same conditions, it is possible for persons to look at from two different angles and say "Oh! these are very serious conditions". It is possible for another person to interpret and say "These conditions are not very serious conditions". Then it becomes the question of outlook that you bring to bear on it possibly your own personal feelings about it or your background about it and so on. If I want I will take one hour and go through all these items. I want to submit this for the consideration of the House that each one of these items could be interpreted as a very strict conditionality. At the same time, I assure you that it cannot be enforced on us as a strict conditionality. So long as we do not accept it. We say in respect of subsidies.....

AN HON. MEMBER: Then we do not get the loan.

SHRI R. VENKATARAMAN: We do not want the loan. It does not matter. There is no obligation. The whole point is this. Take one item. I will take one item and explain. Take food subsidies. We have told them that we will only be bound by the policies which have been approved by Parliament and if the policy of Parliament is that food subsidies should be given and if the IMF thinks that this policy of giving food subsidies should be done away with, we will not accept it. That is the end, of the matter.

Then, take again the question of imports. Now what we have said is,

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in order to increase our exports, we have liberalised our imports. It is not my policy. In 1978, your Government liberalised the import policy saying that in order to expand exports and in order to increase the efficiency of the local industry, certain measure of import as well as a certain measure of import technology is necessary. Some of our industries were suffering for want of raw materials, and we allowed them to import. Otherwise, the industries would have been closed down and there would have been unemployment. So, in the case of these imports, the discriminatory import will be with the Government: whatever is in the interest of the country, to expand exports, for the purpose of increasing our production, for expanding our industrial base, we will allow that kind of import; we will not allow import of cosmetics and lipsticks; this is very clear; whoever may want it, whoever may say, it is not our intention and it is not our policy to allow imports of things which are not going to allow expansion of our exports or expansion of our production. You take any one of these items and I will be able to explain to you that this is the position. So, merely looking at the terms if you just say, "They say liberalisation of import of technology, liberalisation of the rules and regulations about the private sector..." etc. it is not correct. Take, for instance, the private sector. In the private sector, within the parameters which have already been fixed by this Government, we allow the fullest liberty for the private sector to produce the maximum for the benefit of the country. Now, this is a matter in which sometimes Mr. Indrajit Gupta and myself cross swords. This is a policy which has been accepted by the Government, this is a policy on which this Government has been returned, that is, in respect of the private sector, within the parameters we have fixed, within the MRTP Act, within the FERA and all that, whatever is necessary to enable them to produce the

maximum in the country, for the benefit of the country, for increasing production, we will allow, but we will not allow anything which is imposed on us for the purpose merely of encouraging the private sector as against the public sector. As a principle or as a philosophy that the private sector will be given a precedence, it will not be accepted unless it is within the parameters which we have fixed. Again I want to tell you about the public sector—even in the assessment which they have made they have said this—that the public sector, in the Plan period, will increase by about 14 per cent. Therefore, there is no question of the public sector being denigrated in any way. Here again, the policy of the Government is that the public sector will have the commanding heights in our economy, and in pursuance of that philosophy, we will do everything. In order to enable the public sector itself to have the commanding heights as well as to function efficiently, if it becomes necessary to import certain technology, to import certain raw materials, to import some equipment, then we will not stand in the way of such imports as will enable the public sector to function efficiently. Mr. Indrajit Gupta said that we had used the words "for efficiency"; imports would be allowed to increase efficiency. Yes; it is only in this sense that these words have been used.

What we have stated in our Memorandum is the binding document. The others will be their approach, they will come and talk to us, they can explain to us, mention to us, argue with us, but they cannot say that we have accepted this particular interpretation which they have put. This is my submission to the House.

I do not want to take more time of the House. It is already 9-00 O'Clock. I only want to say that, so far as international agreements are concerned, in our system, they are never placed, they are never discussed in the

House. Therefore, I said that it could not be done; in addition, I said, it would have embarrassed me. I wanted the loan to go through for various reasons because, without that, I would be in a weaker position; today I am in a stronger position both with regard to IMF as well as in the monetary market, the Euro-dollar Market, and so on.

I thank you very much. I now request the Hon. Members to withdraw their Substitute Motions.

MR. DEPUTY-SPEAKER: In view of the observations made by the Minister, are the Hon. Members insisting on their Substitute Motions ?

SOME HON. MEMBERS: Yes.

MR. DEPUTY-SPEAKER: Then each Substitute Motion has to be put to the vote of the House.

21-00 hrs.

The question is :

‘That for the original motion, the following be substituted, namely:—

“This House, having considered India’s extended arrangement with the International Monetary Fund, expresses its disapproval of the conditions imposed by the IMF which constitute an infringement on India’s independence to pursue her own economic policies rooted in the needs and interests of the common men.” (1)

The Lok Sabha divided:

Division No. 1

21.07 hrs.

AYES

Acharia, Shri Basudeb
 Agarwal, Shri Satish
 Barman, Shri Palas
 Basu, Shri Chitta
 Bhattacharyya, Shri Sushil
 Bhim Singh
 Chakraborty, Shri Satyasadhan
 Chatterjee, Shri Somnath
 Chaudhuri, Shri Tridib
 Choudhury, Shri Saifuddin
 Dandavate, Prof. Madhu
 Ghosh, Goswami, Shrimati Bibha.
 Giri, Shri Sudhir
 Gupta, Shri Indrajit
 Haldar, Shri Krishna Chandra
 Hannan Mollah, Shri
 Hasda, Shri Matilal
 Jatiya, Shri Satyanarayan
 Jha, Shri Bhogendra
 Maitra, Shri Sunil
 Misra, Shri Satyagopal
 Mohammed Ismail, Shri
 Mukherjee, Shrimati Geeta
 Mukherjee, Shri Samar
 Pal, Prof. Rup Chand
 Rajda, Shri Ratansinh
 Roy, Shri A.K.
 Roy, Dr. Saradish
 Saha, Shri Ajit Kumar
 Saha, Shri Gadadhar
 Saran, Shri Daulat Ram
 Shastri, Shri Ramavatar
 Singh, Shri B.D.
 *Swamy, Dr. Subramaniam
 Unnikrishnan, Shri K.P.
 Varma, Shri Ravindra
 Zainal Abedin, Shri

* He voted by mistake from a wrong seat and later informed the speaker accordingly.

NOES

- Ahmed, Begum Abida
 Anuragi, Shri Godil Prasad
 Arakal, Shri Xavier
 Bajpai, Dr. Rajendra Kumari
 Baleshwar Ram, Shri
 Bansi Lal, Shri
 Barot, Shri Maganbhai
 Behera, Shri Rasabehari
 Bhagat, Shri B.R.
 Bhagat, Shri H.K.L.
 Bhakta, Shri Manoranjan
 Bhoi, Dr. Krupasindhu
 Bhuria, Shri Dileep Singh
 Birbal, Shri
 Chandra Shekhar Singh, Shri
 Chaturvedi, Shrimati Vidyawati
 Chaudhary, Shri Manphool Singh
 Chavan, Shri S.B.
 Chaudhury, Shri A.B.A. Ghani Khan
 Dabhi, Shri Ajitsinh
 Dalbir Singh, Shri
 Dogra, Shri G.L.
 Ekka, Shri Christopher
 Era Anbarasu, Shri
 Faleiro, Shri Eduardo
 Fernandes, Shri Oscar
 Gadgil, Shri V.N.
 Gamit, Shri Chhitubhai
 Ghorpade, Shri R.Y.
 Gouzagin, Shri N.
 Gowda, Shri D.M. Putte
 Jain, Shri Nihal Singh
 Jamilur Rahman, Shri
 Jena, Shri Chintamani
 Kamal Nath, Shri
 Karma, Shri Laxman
 Kidwai, Shrimati Mohsina
 Kochak, Shri Ghulam Rasool
 Kuchan, Shri Gangadhar.S.
 Lakkappa, Shri K.
- Madhuri Singh, Shrimati
 Mahala, Shri R.P.
 Mallick, Shri Lakshman
 Mallikarjun, Shri
 Mallu, Shri Anantha Ramulu
 Mishra, Shri Gargi Shankar
 Mishra, Shri Ram Nagina
 Mishra, Shri Uma Kant
 Misra, Shri Harinatha
 Mohanty, Shri Brajamohan
 Motilal Singh, Shri
 Murthy, Shri M. Rajashekhara
 Mathu Kumaran, Shri R.
 Nagina Rai, Shri
 Namgyal, Shri P.
 Pandey, Shri Kedar
 Patel, Shri Ahmed Mohammed
 Patel, Shri Amrit
 Patel, Shri C.D.
 Patel, Shri Shantubhai
 Patel, Shri Uttambhai H.
 Patil, Shri Shivraj V.
 Patnaik, Shrimati Jayanti
 Phulwariya, Shri Virda Ram
 Poojary, Shri Janardhana
 Prabhu, Shri R.
 Pradhani, Shri K.
 Rahim, Shri A.A.
 Raju, Shri P.V.G.
 Ram, Shri Ramswaroop
 Rao, Shri M.S. Sanjeevi
 Rao, Shri M. Satyanarayan
 Rathod, Shri Uttam
 Raut, Shri Bhola
 Reddy, Shri M. Ram Gopal
 Reddy, Shri P. Venkata
 Sahi, Shrimati Krishna
 Saminuddin, Shri
 Satish Prasad Singh, Shri
 Shanmugam, Shri P.
 Sharma, Shri Kali Charan
 Sharma, Shri Mundar
 Sharma, Shri Nand Kishore

Sharma, Shri Nawal Kishore
 Sharma, Dr. Shankar Dayal
 Shastri, Shri Dharam Dass
 Shastri, Shri Hari Krishna
 Shiv Shankar, Shri P.
 Solanki, Shri Babu Lal
 Sparrow, Shri R.S.
 Stephen, Shri C.M.
 Subba, Shri P.M.
 Sukhadia, Shri Mohan Lal
 Swaminathan, Shri R.V.
 Tayeng, Shri Sobeng
 Tayyab Hussain Shri
 Tewary, Prof. K.K.
 Thorat, Shri Bhausahab
 Tripathi, Shri Kamalapati
 Varma, Shri Jai Ram
 Venkataraman, Shri R.
 Verma, Shrimati Usha
 Virbhadra Singh, Shri
 Wagh, Dr. Pratap
 Wasnik, Shri Balkrishna Ramchandra

MR. DEPUTY-SPEAKER: Subject to correction, the result* of the division is: Ayes—37; Noes—105.

The motion was negatived.

MR. DEPUTY-SPEAKER: Mr. Ramavatar Shastri, are you pressing ?

SHRI RAMAVATAR-SHASTRI: Only voice vote.

MR. DEPUTY-SPEAKER: I shall now put Substitute Motion No. 2 moved by Shri Ramavatar Shastri.

*The following Members also recorded their votes :

AYES Sarvshri A. Neelalohithadasan Nadar, Chandrajeet Yadav and Ajit Beg;

NOES Sarvshri Krishan Dutt Sultanpuri and Girdhari Lal Vyas.

Substitute Motion No. 2 was put and negatived.

MR. DEPUTY-SPEAKER: Now the substitute motion by Shrimati Geeta Mukherjee. Are you pressing ?

SMT. GEETA-MUKHERJEE : Yes. I want a division.

MR. DEPUTY SPEAKER: Let the lobbies be cleared. Now the lobbies have been cleared. I shall put the Substitute Motion.

The question is:

“This House, having considered India’s extended arrangement with the International Monetary Fund, expresses its grave concern and strong disapproval at the way the 5 million Dollar SDR loan is being taken by the Govt. of India and the conditionalities attached to it by the IMF which cuts at the very root of India’s economic independence, throws India’s door wide open to the rapacity of multinationals, gives IMF virtual powers to dictate economic policies detrimental to the toiling masses of India, foists anti-democratic political measures on out country and is detrimental to our national sovereignty and honour and recommends that it be scrapped forthwith.”

MR. DEPUTY-SPEAKER: Those in favour may say ‘Aye’.

SOME HON. MEMBERS: ‘Aye’.

MR. DEPUTY SPEAKER: Those against may say say ‘No’.

Division No. 2,

21-15 hrs.

SOME HON. MEMBERS: 'No'.

AYES,

MR. DEPUTY-SPEAKER: I think the 'Noes' have it, the 'Noes' have it. The Substitute Motion is negated.

SHRIMATI GEETA MUKHERJEE (Pauskura): No, Sir, the 'Ayes', have it.

MR. DEPUTY-SPEAKER: It has already been put and negated. At that time you did not raise any objection.

The motion was negated.

MR. DEPUTY-SPEAKER: I shall now put Substitute Motion No. 4 of Shri Indrajit Gupta to vote.

Substitute Motion No. 4 was put and negated.

MR. DEPUTY-SPEAKER: The question is:

"This House, having considered India's extended arrangement with the International Monetary Fund, if of the view that it seriously affects and infringes the economic independence of the country and firmly recommends that—

(a) offer of the IMF should be rejected;

(b) path of self-reliance should be reaffirmed; and

(c) probe should be started by a Committee of Members of Parliament against the forces subverting the country's economic independence by inviting conditional aid of the IMF." (6)

Acharia, Shri Basudev
 Agarwal, Shri Satish
 Barman, Shri Palas
 Basu, Shri Chitta
 Bhattacharyya, Shri Sushil
 Bhim Singh, Shri
 Chatterjee, Shri Somnath
 Chaudhuri, Shri Tridib
 Choudhury, Shri Saifuddin
 Dandavate, Prof. Madhu
 Ghosh Goswami, Shrimati Bibha
 Giri, Shri Sudhir
 Gupta, Shri Indrajit
 Halder, Shri Krishna Chandra
 Hannan Mollah, Shri
 Hasda, Shri Matilal
 Jatiya, Shri Satyanarayan
 Jha, Shri Bhogendra
 Maitra, Shri Sunil
 Misra, Shri Satyagopal
 Mohammed Ismail, Shri
 Mukherjee, Shri Samar
 Nadar, Shri A. Neelalohithadasan
 Pal, Prof. Rup Chand
 Rajda, Shri Ratansinh
 Roy, Shri A.K.
 Roy, Dr. Saradish
 Saha, Shri Ajit Kumar
 Saha, Shri Gadadhar
 Saran, Shri Daulat Ram
 Shastri, Shri Ramavatar
 Singh, Shri B.D.
 Varma, Shri Rayindra
 Yadav, Shri Chandrajit
 Zainal Abedin, Shri

NOES

Ahmed, Begum Abida
 Anuragi, Shri Godil Prasad

Lok Sabha divided.

- Arakal, Shri Xavier
 Bajpai, Dr. Rajendra Kumari
 Baleshwar, Ram, Shri
 Bansi Lal, Shri
 Barot, Shri Maganbhai
 Behera, Shri Rasabehari
 Bhagat, Shri H.K.L.
 Bhakta, Shri Manoranjan
 Bhoi, Dr. Krupasindhu
 Bhuria, Shri Dileep Singh
 Birbal, Shri
 Chandra Shekhar Singh, Shri
 Chaturvedi, Shrimati Vidyawati
 Chaudhary, Shri Manphool Singh
 Chavan, Shri S.B.
 Choudhury, Shri A.B.A. Ghani Khan
 Dabhi, Shri Ajitsinh
 Dalbir Singh, Shri
 Dogra, Shri G.L.
 Ekka, Shri Christopher
 Era Anbarasu, Shri
 Faleiro, Shri Eduardo
 Fernandes, Shri Oscar
 Gadgil, Shri V.N.
 Gamit, Shri Chhitubhai
 Ghorpade, Shri R.Y.
 Gouzagin, Shri N.
 Gowda, Shri D.M. Putte
 Jain, Shri Nihal Singh
 Jamilur Rahman, Shri
 Jena, Shri Chintamani
 Kamal Nath, Shri
 Karma, Shri Laxman
 Kidwai, Shrimati Mohsina
 Kochak, Shri Ghulam Rasool
 Kuchan, Shri Gangadhar S.
 Lakkappa, Shri K.
 Madhuri Singh, Shrimati
 Mahala, Shri R.P.
 Mallick, Shri Lakshman
 Mallikarjun, Shri
 Mallu, Shri Anantha Ramulu
 Mishra, Shri Gargi Shankar
 Mishra, Shri Ram Nagina
 Mishra, Shri Uma Kant
 Misra, Shri Harinatha
 Mohanty, Shri Brajamohan
 Motilal Singh, Shri
 Murthy, Shri M. Rajashekhar
 Mutuh Kumaran, Shri R.
 Nagina Rai, Shri
 Namgyal, Shri P.
 Pandey, Shri Kedar
 Patel, Shri Ahmed Mohammed
 Patel, Shri Amrit
 Patel, Shri C.D.
 Patel, Shri Shantubhai
 Patel, Shri Uttambhai H.
 Patil, Shri Shivraj V.
 Patnaik, Shrimati Jayanti
 Phulwariya, Shri Virda Ram
 Poojary, Shri Janardhana
 Prabhu, Shri R.
 Pradhani, Shri K.
 Rahim, Shri A.A.
 Raju, Shri P.V.G.
 Ram, Shri Ramswaroop
 Rao, Shri M.S. Sanjeevi
 Rao, Shri M. Satyanarayan
 Rathod, Shri Uttam
 Raut, Shri Bhola
 Reddy, Shri M. Ram Gopal
 Reddy, Shri P. Venkata
 Sahi, Shrimati Krishna
 Saminuddin, Shri
 Satish Prasad Singh, Shri
 Shanmugam, Shri P.
 Sharma, Shri Kali Charan
 Sharma, Shri Mundar
 Sharma, Shri Nand Kishore
 Sharma, Shri Nawal Kishore
 Sharma, Dr. Shanker Dayal
 Shastri, Shri Dharam Dass
 Shastri, Shri Hari Krishna
 Shiv Shankar, Shri P.
 Solanki, Shri Babu Lal

Sparrow, Shri R.S.
 Stephen, Shri C.M.
 Sukhadia, Shri Mohan Lal
 Sultanpuri, Shri Krishan Dutt
 Swaminathan, Shri R.V.
 Tayeng, Shri Sobeng
 Tyyab Hussain, Shri
 Tewary, Prof. K.K.
 Thorat, Shri Bhausahab
 Tripathi, Shri Kamalapati
 Varma, Shri Jai Ram
 Venkataraman, Shri R.
 Verma, Shrimati Usha
 Virbhadra Singh, Shri
 Vyas, Shri Girdhari Lal
 Wasnik, Shri Balkrishna Ramchandra

MR. DEPUTY-SPEAKER: Subject to correction the result* of the division is: Ayes—35; Noes—104.

The motion was negated.

MR. DEPUTY-SPEAKER: I shall now put the Substitute Motion No. 8 of Shri Chitta Basu to vote.

Substitute Motion No. 8 was put and negated.

MR. DEPUTY SPEAKER: I shall now put the Substitute Motion No. 10 of Shri Satyanarayan Jatiya to vote.

Substitute Motion No. 10 was put and negated.

21-14 hrs.

BUSINESS ADVISORY
 COMMITTEE

TWENTY-SECOND REPORT

THE MINISTER OF PARLIAMENTARY AFFAIRS AND WORKS AND HOUSING (SHRI BHISHMA NARAIN SINGH): Sir, I beg to present the Twenty-second Report of the Business Advisory Committee.

21-15 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, December 3, 1981/Agrahayana 12, 1903 (Saka).

* The following Members also recorded their votes for 'AYES':
 Shrimati Gita Mukherjee and Shri Ajit Beg.