

12.58 hrs.

**INTERNATIONAL MONETARY
FUND AND BANK (AMEND-
MENT) BILL***

MR. DEPUTY-SPEAKER : Now, we will take up next item.

**THE MINISTER OF FINANCE
(SHRI PRANAB MUKHERJEE) :**
Sir, I beg to move for leave to introduce a Bill further to amend the International Monetary Fund and Bank Act, 1945.

MR. DEPUTY - SPEAKER :
Motion moved :

“That leave be granted to introduce a Bill further to amend the International Monetary Fund and Bank Act, 1945.”

Shri Somnath Chatterjee.....He is absent. Shri Samar Mukherjee.

SHRI SAMAR MUKHERJEE:
(Howrah): Sir, I do not know what argument the Hon. Minister will advance for introduction of this Bill. May be he says that it is a technical thing. But according to us this is the continuation of the same policy which the Government is pursuing in relation to the loan taken from IMF. Our main objection is to the conditions imposed by IMF and this affects not only our sovereignty but also it is a very serious threat to Democracy which our Constitution has enshrined to defend this basic aspect of our system. Sir, some days earlier the Minister made a statement regarding the second instalment of the IMF loan and the IMF gave a certificate that the conditions imposed in regard to the first instalment have been satisfactorily fulfilled by this Government. So, they are very much pleased with the performance of this Government and they are prepared to sanction the second instalment.

13.00 hrs.

But, this is derogatory to our prestige. The IMF imposed so many conditions. The loan is not given at a time when we require and according to our conditions. We have to get it when they give it to us and we have to fulfil their conditions. Those who are the receivers of the loan have not got the freedom to use the loan in the way they would like to use them. There are three instalments. This is very much humiliating. The first instalment is of the order of 900 millions. You have to submit a report on the performance after having received the first instalment. You have to say how you have spent the money. The conditions are there, how it is to be spent. You have to submit that report. Is it the behaviour of a sovereign Government to submit a report after every 9 months or 6 months? I don't know what is the stipulation for the first loan. I think it is 6 months. You have to submit a report. Then only second instalment will be granted. If it is not upto their conditions, they will refuse the grant of the second instalment. There will be a third instalment. For that, you have to submit a report before the expiry of the second term, that is, June, 1983, about the performance of the 1800 million dollar loan. So, this only shows that our Government is now fully prepared to fulfil all the conditions imposed by the IMF. They only try to hoodwink the people by saying 'We are sovereign'. Because the IMF is giving certificate to us that you are not submitting to our conditions, but the way you are doing is such which fulfils the guidelines which we have. That means, you have already prepared yourselves to serve as their proteges—it may be a strong word. But this is the way they want the Government of India to behave and this is the direction in which they want our economy to be guided.

Now, what are the conditions really? One of the conditions is 'Liberalisation of imports'. In the statement made by him, the Hon. Minister has stated that we have fulfilled those conditions. Liberalisation of imports is seriously bound to hit our indigenous industries.

Another argument which he has used is this: He said that we are also spending the money which we receive from IMF on our small scale industries and indigenous industries so that they may grow. This is what he said. But this is only to hoodwink the people, because everybody knows that the small-scale industry cannot stand in competition with the big monopoly industry. That is why the crisis of the small scale industries grows day by day. Large number of such units are being closed day by day; thousands and thousands of workers are being thrown out of their jobs.

The other aspect, which is a very serious aspect, is this: The Minister has admitted that our foreign loan is increasing. Last time, when a debate was taking place in this House regarding the IMF loan, Mr. Venkataraman the then Finance Minister, told us: 'May be that our economy may develop in such a way that we may not require the second instalment; why are you apprehending that we will require the whole amount?' Sir, I do believe, the more amount you receive, the more you are committing yourself to their conditions; it is derogatory to the principle of self-reliance of our economy.

The Hon. Minister has admitted in his statement that India's foreign debt has increased. The Statement reads:

"India's foreign debt on Government account at the end of June, 1980 and 1981 stood at Rs. 12,094.87 crores and Rs. 14,125.13 crores respectively."

—Year by year, this is increasing.

"Provisional figures of foreign debt at the end of March, 1982 was Rs. 15,453.54 crores."

So, our country is being mortgaged. Foreign aid involve conditions which are certainly to the detriment of our national interest. The amount of money spent on debt-servicing is also increasing day by day. And we have to pay a very heavy debt servicing. Our export is to be increased and their condition is while exporting our goods we will sell them at such cheaper prices while importing their goods they will charge a much higher price for them. This is the policy of the neo-colonialism and our Government has agreed to that. That is why we are totally opposed to this Bill. Though technically they may argue, it is nothing but the technical extension of the earlier Act. It is the continuation of the old policy. That is why we are here, totally opposed to the introduction of this Bill.

SHRI SOMNATH CHATTERJEE (Jadavpur): Sir, our leader has already said on this, and, of course, I am reiterating them. What I want to say at this stage is this. Sir, this is described to be an enabling legislation, an enabling Act, as the Statement of Objects and Reasons says, it is an enabling Act for the Government to implement the provisions of the Agreement of the IMF etc. The previous 1945 Act related to the earlier Agreement and with the new agreement having been entered into in 1978 on the basis of the modification in the Funds structure, Funds Articles of Agreement now. Sir, after nearly five years, this Bill is being brought forward to enable this Government to pay certain things and also the payment of interest, etc. Sir, my objection is fundamental. When these agreements are entered into, Parliament is not taken into confidence. You come before the Parliament with a fait accompli. We can only make submission by way of almost verbal

[Shri Samar Mukherjee] amendments to be made in the Bill. And this has on its own no effect in the sense that it only gives certain enabling power to the Government. Now, if Parliament is not intended to be taken for granted, Parliament should be taken into confidence. They are always talking of the primacy of the Parliament. Now, if the Parliament has to occupy the premier position, primary position, before agreements are entered into, Articles of Agreements are altered, it may be that the Hon. Minister may say that this was not a bi-lateral arrangement and all parties, all Members of the Fund are concerned in revising and bringing about amendments to the Funds Articles of Agreement of the International Monetary Fund. Therefore, that was the stage at which the Parliament should have been taken into confidence. What are the proposals of the agreements? If the Parliament has any views, we can express them. It is the expression of the views of the Indian people which is made through the Parliament. That is not done. Then it has come at such a late stage. We want that the Parliament's role should be more pronounced. It should not be only a lip service like this. Probably Bhishma Narainji is ready to push through this Bill. Well, he will bring it in a sort of manner, get it passed in a mechanical manner. He would say: "Well I have allotted one hour". He will use his whip on that side and nobody on that side will speak.

SHRI PRANAB MUKHERJEE: It is only an introduction stage.

SHRI SOMNATH CHATTERJEE: No, tomorrow or next week, you will bring it or after some gap when some Minister is away, having confabulations here and there with Ministry making or Ministry saving, I do not know. Therefore, my objection is that apart from what has been said, I would submit that this is not the proper approach of the Government. Therefore, this is the stage at

which we should make our objections known to the Government. Do not take Parliament for granted at any time. Even majority is there, but majority is a very fleeting majority. Nobody knows what is majority, when and where. Therefore, let everybody be cautious about it.

MR. DEPUTY-SPEAKER: It applies to all places.

SHRI SOMNATH CHATTERJEE: Our majority is firm. Sir, we have the Chief Minister in our State(Interruptions). Can they say... (Interruptions). Apart from the grounds which have been mentioned by Shri Samar Mukherjee, I am objecting to the introduction of the Bill on the ground that this is not the way to come before the Parliament after everything has been completed and try to get its stamp of approval. Even at this stage, we feel very strongly about it, and that is why, we are objecting to the introduction of this bill.

SHRI PRANAB MUKHERJEE: Sir, normally when a Bill is opposed at the introductory stage, mainly it is being done on grounds of competence of Parliament.....

SHRI SAMAR MUKHERJEE: Not alone.

SHRI PRANAB MUKHERJEE: Normally, it is being done, and I expected that when you raise the objections, you will raise this question also, but fortunately you have not raised that because you know that Parliament is competent to enact this piece of legislation.

An objection has been raised by Shri Chatterjee that we did not take the Parliament into confidence at that stage. Frankly, I do not exactly recollect whether any statement was made at that point of time. It was done in 1978.

SHRI SOMNATH CHATTERJEE: The process had started in 1976.

SHRI PRANAB MUKHERJEE: While replying to the debate, I will ascertain that fact and inform the House. As we did in the case of extended Fund facilities, when we entered into the agreement, we kept the House informed, and the House got the opportunity of expressing its views, but sometimes on international agreements, it is not necessary that we always make a statement on the floor of the House. When we put it to effect through legislation, at that stage we discuss it.

In regard to the extended Fund facilities, I would like to submit most respectfully that so far as this piece of legislation is concerned, it has nothing to do with the extended Fund facilities. Even if we did not enter into the extended Fund facilities, this amendment was necessary to give effect to the amendments which have taken place in the Fund structure, in the Articles of Agreement, as we did it in 1945. In international agreements, there is always a time limit, and actually to put it into effect through legislation depends on the nature of the agreement. Sometimes, it is three years, sometimes it is four years and sometimes it is five years. Therefore, there is nothing wrong with it and many countries have not taken the legislative measure as yet.

So far as the basic objection, on which Shri Mukherjee argued, i.e., in regard to the extended Fund facilities is concerned, we have discussed it in detail on the floor of the House. Even in my statement I explained and informed the House what have been the discussions between India and the Fund management. I would not like to dwell on it here; they have their views and we have our views. We have kept the House informed at every stage. Even when we entered into an agreement for the second instalment, *suo motu* I came before the House and explained our position.

I do not think, we can dwell on it more at this stage.

With these words, I seek the indulgence of the House to introduce the Bill.

MR. DEPUTY-SPEAKER: The question is:

“That leave be granted to introduce a Bill further to amend the International Monetary Fund and Bank Act, 1945.”

The motion was adopted.

SHRI PRANAB MUKHERJEE: I introduce** the Bill.

The Lok Sabha then adjourned for lunch till Fifteen minutes past Two of the Clock.

The Lok Sabha re-assembled, after lunch, at Twenty minutes past Fourteen of the Clock.

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

MATTERS UNDER RULE 377

MR. DEPUTY-SPEAKER: Now Matters under Rule 377. Mrs. Usha Verma.

(i) NEED TO IMPROVE THE WORKING OF TELEPHONE SYSTEM OF KHERI-LAKHIMPUR PARLIAMENTARY CONSTITUENCY.

श्रीमती ऊषा वर्मा (खेरी): अध्यक्ष महोदय, मैं नियम 377 के अन्तर्गत टेलीफोन के सम्बन्ध में अपने संसदीय क्षेत्र जनपद लखीमपुर खीरी की टेलीफोन व्यवस्था के बारे में आपका ध्यान आकृष्ट करना चाहती हूँ कि प्रायः सभी टेलीफोन तथा टेलीफोन लाइनें खराब ही रहा करती हैं। कभी भी समय पर बात हो न पाने से सभी कार्यक्रम

** Introduced with the recommendation of the President.